



duBreton inc.

2024 Report

Under the Act to enact the Fighting Against Forced Labour and Child Labour in Supply
Chains

2024-05-31

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Field of application

This joint report was produced in accordance with the Act respecting the elimination of forced labour and child labour in supply chains. It concerns duBreton Inc. and its subsidiaries, Les viandes du Breton inc, Les spécialités prodal (1975) LTÉE, Aliments Breton inc, QSB Inc, 9254-3560 Québec inc. and North Country Smoke House. Collectively, these entities form duBreton inc. duBreton Holding Inc. is largely dependent on duBreton's efforts to supervise and manage its operations and supply chains, and to comply with applicable laws and regulations.

This report is submitted to the Minister of Public Safety and Emergency Preparedness and details the measures taken during the fiscal year ending May 31, 2024 to prevent and mitigate the risks associated with forced or child labor, whether in the production of merchandise in Canada or abroad, or during its importation.

It is important to note that this report is not a revision of any previous report concerning the Group's financial year ended May 31, 2024. None of the entities mentioned in this report are subject to supply chain reporting requirements in other jurisdictions.

The data in this report are current as of May 31, 2024. Unless the context indicates otherwise, use of the terms “our”, “we”, “us”, “the company” and “duBreton” refers collectively to duBreton, duBreton's subsidiaries or, as the context requires, any of them.

Structure, operations and supply chains

Founded in 1944, duBreton is a leader in hog breeding, slaughtering, pork processing and the preparation of ready-to-eat meals. duBreton inc. is headquartered in Saint-Bernard, Québec, and is incorporated under the laws of Canada as a private company.

duBreton Inc. has facilities and plants in Rivière-du-Loup (Québec), Saint-Charles-de-Bellechasse (Québec), Saint-Marc-des-Carières (Québec), Saint-Bernard (Québec), Scott (Québec) and New Hampshire (USA).

duBreton also has farms in Portneuf (Québec) and Bas-Saint-Laurent (Québec).

The Company operates 26 farms, 4 processing plants, 2 feed mills, 1 grain center, 1 laboratory and the head office. duBreton employs just over 900 full-time employees in Canada and close to 100 in the United States.

duBreton Inc.'s Canadian subsidiaries also include Les Spécialités Prodables (1975) LTÉE, Les Viandes Du Breton inc. and Aliments Bretons inc. which include farms and feed mills.

duBreton's US subsidiary, North Country Smoke House, focuses on the processing of pork products. Primarily for the American market.

duBreton inc., incorporated under the laws of Canada as a private company, is based in Saint-Bernard, Québec, and is controlled by Mr. Vincent Breton, Group President and member of the Company's Board of Directors.

What we do :

The Company specializes in the breeding, development, processing and marketing of private and national brand products.

The company develops, manufactures and markets private-label and national-brand products, including ready-to-cook and ready-to-eat meals, meat snacks and prepared meals. duBreton also produces meat sauces and specialty food products such as cold cuts, creton, bacon, loins, chops, ham and much more.

For the fiscal year ended May 31, 2024, the company's consolidated sales are over \$20 million, and it directly or indirectly employs over 1,200 people. duBreton is active in the retail market segment, selling to food retailers and wholesalers, including supermarket chains, independent grocers, mass merchandisers, warehouse clubs and large grocery chains. duBreton is also active in the foodservice market segment, selling to restaurants, hotels and wholesalers serving these establishments.

ESG mission, vision and roadmap :

The company's vision is to make its products accessible to a greater number of consumers, while focusing on quality, customer satisfaction and respect for the environment.

One of the pillars of its strategy is the development of sustainable performance, with an ESG roadmap built around four main topics: responsible governance, employee well-being, environmental sustainability and sustainable supply chain.

duBreton is committed to eliminating, where appropriate, the presence of forced labor and child labor in its activities and supply chains, in line with its values and behaviors.

The Company's ESG mission, vision and roadmap

The company remains true to its vision of putting more of its tasty products into the hands of as many consumers as possible, to meet more needs, for more occasions, every day, and with a continued focus on making quality food that consumers love and customers appreciate, that employees are proud of, and that respects our planet.

Sustainable development is one of the three pillars of our corporate strategy. This strategic alignment is also one of our values at duBreton. duBreton's Environment, Society and Governance ("ESG") roadmap is a key element of our sustainability program and guides important investment decisions for the future. The company's ESG roadmap revolves around four main topics: implementing sound ESG governance, taking care of people, taking care of our planet and building a sustainable supply chain.

duBreton strives to build a sustainable supply chain that reflects its corporate culture, values and behaviors. The company is guided by a set of core values that reinforce its beliefs, including teamwork, excellence, innovation and, of course, sustainability.

duBreton believes that aiming to reduce the risk of using forced or child labor in its operations or supply chains is consistent with its values and behaviors, and with the company's commitment to building a sustainable supply chain.

This report details the governance, processes and policies in place to reduce the risk of the use of forced labor and child labor in the operations or supply chains of entities subject to the Act.

Supply chains

duBreton's supply chain consists mainly of suppliers of food ingredients, containers and packaging materials, which it uses throughout its facilities.

Food and beverage ingredients

Food ingredients, consisting mainly of liquid marinades, dry spices, fruit extracts, dried fruits and organic vegetables, are purchased directly from North American markets. All duBreton food ingredients are sourced from Canada and the United States.

Containers and packaging materials

duBreton uses mainly plastic containers. Most of duBreton's containers and packaging materials come from the following countries: Canada and the United States.

Measures to prevent and reduce the risk of forced labor and child labor

During fiscal 2024, which ended on May 31, 2024, duBreton implemented the following initiatives to mitigate the risk of forced and child labor in its operations and supply chains:

- Inclusion of a standard compliance clause in all future contracts with suppliers, requiring them to familiarize themselves with the Company's Supplier Code of Conduct and undertake to respect its terms, as well as all relevant laws and regulations concerning child labor and forced labor in Canada.
- Adoption of a Supplier Code of Conduct to ensure compliance with the requirements of the Act and thus reflect the company's commitment to monitoring and preventing the risks of forced or child labor in its supply chains.
- Implementation of a Policy on the fight against forced labor and child labor in supply chains to fulfill the obligations and responsibilities of the company and its subsidiaries to comply with the law.
- Development of training and awareness tools on the new requirements of the law for all employees
- Creation of an internal modern slavery working group to monitor the risks of forced labor and child labor, with the aim of ensuring compliance, meeting legal requirements, improving supply chain practices and monitoring the implementation and results of the various measures taken to reduce the risks associated with forced labor or child labor.

Between January 1, 2024 and the date of publication of this report, the Company also took the following measures:

Analysis of supply chain activities and processes.

- Use of tools to assess the risks of forced labor and child labor in its supply chains.

- Carry out an internal assessment of the risks of forced labor and child labor in its supply chains.
- Prioritization exercise to focus due diligence efforts on the most serious risks of forced or child labor.

duBreton inc. fully supports all these measures aimed at preventing and limiting the risks of forced or child labor in the company's operations and supply chains.

Due diligence policies and processes

The following are the due diligence policies and processes that duBreton has put in place to prevent and mitigate the risks associated with the use of forced or child labor in its supply chains. These policies and processes apply to duBreton and its subsidiaries. They demonstrate the company's commitment to sustainable performance and the protection of human rights, as well as its desire to create a safe and inclusive environment for all colleagues and workers throughout its operations and supply chains. duBreton is committed to promoting sustainable performance, upholding high ethical and governance standards, and respecting and upholding human rights.

Code of ethics

The Code of Ethics applies to the Company and its subsidiaries. It provides for the absolute prohibition of all forms of forced labor, child labor, human trafficking, harassment or discrimination. The Code of Ethics specifies that duBreton expects its business partners to adhere to ethical business conduct consistent with their own, and that the company is committed to working together to achieve this common goal.

Supplier Code of Conduct

The Supplier Code of Conduct sets out the company's values and expectations of its suppliers, agents, consultants and other third parties and business partners, as well as their respective employees, directors and officers.

This Code of Conduct has been adopted in light of the enactment of the Act and to reflect its new disclosure obligations. It reflects the company's commitment to monitoring and preventing the risks of forced or child labor within its supply chains.

duBreton will require its suppliers to comply with the Supplier Code of Conduct in order to apply its requirements appropriately and proportionately to the nature and scope of their activities and the products and services they supply.

In particular, the Supplier Code of Conduct strictly prohibits the use of forced or child labor by any supplier and requires suppliers to conduct reasonable due diligence on their own supply chains and operations to ensure that no forced or child labor is used.

The Supplier Code of Conduct also stipulates that suppliers must immediately notify duBreton if they become aware of or suspect the use of forced or child labor in their operations or supply chains, including the extent and impact of such forced or child labor on their business relationship and contract(s) with the company. Suppliers are also required to

notify duBreton if they are the subject of any investigation or proceedings in respect of a breach or alleged breach by them of laws or regulations relating to modern slavery.

Standard contractual clause for supplier contracts

duBreton has established a standard contract clause to be added to new contracts to be signed with suppliers, which requires suppliers to read the Supplier Code of Conduct and agree to act in accordance with the terms and conditions set out therein. If the Supplier Code of Conduct is not complied with, as well as laws and regulations relating to modern slavery, duBreton will be entitled to terminate the contract.

Policy on compliance with the Modern Slavery Act

duBreton has adopted a Modern Slavery Compliance Policy that addresses its various obligations and responsibilities to comply with the requirements of the Act. This policy focuses on the due diligence process for supply chains, and employee training on identifying and mitigating the risks of forced and child labor.

Denunciation procedure

A whistleblowing procedure has been set up by duBreton for anyone who suspects that a supplier has engaged in illegal, unethical or reprehensible behavior, or has engaged in any other activity that contravenes the Supplier Code of Conduct.

In addition, a whistle-blowing procedure has been set up for anyone wishing to make a declaration or report in accordance with the Code of Ethics. Contact details for the whistleblower hotline and e-mail address are also available on the company's website.

Internal working group on modern slavery

duBreton has set up an internal working group on modern slavery, whose objectives are to monitor the risks associated with forced or child labor in the company's supply chains.

The objective is to ensure compliance of its activities, including supply chain activities, with the requirements imposed by the Act, to improve supply chain practices and to monitor the implementation and results of the various measures taken to reduce the risks associated with forced or child labor.

The internal modern slavery task force consists of a team of representatives from the procurement, supply chain, sales and human resources organizational development divisions.

In 2024, the internal Modern Slavery Task Force will begin holding meetings to initiate monitoring of suppliers who may represent a risk.

Risks of forced labor and child labor

duBreton considers the risk of forced or child labor to be low or non-existent in its operations in Canada and the United States. All employees in Canada and the United States are hired in compliance with applicable laws and regulations. duBreton carries out the necessary checks

to ensure that individuals have the right to work, and that they choose to work of their own free will. In addition, the majority of employees have access to a union or similar association.

In 2024, duBreton began a preliminary analysis of its supply chains to identify any risk of forced and child labor. Due to the preliminary nature of the supply chain analysis exercise, no definitive sphere of risk has yet been identified. Supply chain risks will be analyzed continuously and in detail as the assessment process continues into 2024 and beyond.

duBreton assesses the risks of forced and child labor in its operations and supply chains using the resources and information it gathers. duBreton aims to equip itself with a tool that will enable an assessment of the risks inherent in its supply chains and activities, based on the countries and locations from which the Company's suppliers operate, and the business sectors of its suppliers. duBreton will strive to identify the main and relative risks related to forced labor and child labor throughout its supply chains and activities.

Our goal is to continue gathering public information on labor and human rights risks in various sectors of activity, as well as using data provided by suppliers, including suppliers in the agricultural, food processing, manufacturing, logistics and other sectors.

By analyzing our data, duBreton will be able to identify high-risk environments and highlight specific supplier locations where forced or child labor may be occurring. duBreton will then be able to conduct further verification to eliminate risks in its supply chains and operations. Having a set of data should also enable duBreton, where appropriate, to better understand, engage and support suppliers that present a risk of forced or child labor. This will allow us to develop action plans with these suppliers, work towards improvements, or terminate business relationships with suppliers that use forced or child labor.

We have identified a number of operational indicators at different stages of the employment cycle that could potentially indicate the presence of forced or child labor. These include recruitment practices, employment under threat of punishment, blackmail for debt, wage withholding, and preventing an employee from resigning from their position.

We will continue to monitor for indicators of forced labor, which may include abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation, threats, withholding of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and exorbitant working hours. Our employees will receive training to help them recognize these indicators.

The forced labor indicator will be commonly used to assess forced labor risks primarily in four economic sectors: agriculture, food processing, manufacturing and logistics. A sector-specific result will depend on the size of an organization, the level of expertise of the workforce, the intensity of work, the type of work and the risks observed.

In order to gain a full understanding of the impact of a facility's characteristics, it is essential to consider a number of factors, including working hours, health and safety, gender, worker representation, the number and type of workers, work intensity and recruitment practices. It is hoped that this data will help to draw attention to actual or potential situations of forced or child labor in the Company's supply chains and operations.

Corrective measures

At this time, DuBreton has not identified any forced labor or child labor risks in its supply chains. However, we are committed to conducting a preliminary forced labor or child labor risk assessment to ensure the highest standards of ethical sourcing. Furthermore, to the best of the company's knowledge, there have been no cases of forced or child labor directly in its own operations or in its supply chains.

In light of the preliminary results of the intrinsic risk assessment, the internal modern slavery working group will endeavor to develop and implement measures to address any instances of forced or child labor. Specifically, the Internal Modern Slavery Working Group will establish a process for conducting audits of suppliers deemed to be at the highest risk. These suppliers will also be asked to complete a self-assessment questionnaire, with a view to learning more about any exploitative practices or activities that may be taking place.

Corrective measures in the event of loss of income

While the company has not yet identified any situations of forced labor or child labor in its operations and supply chains, it is aware that some families may have experienced a loss of income as a result of measures taken to eliminate the use of forced labor and child labor. duBreton is committed to taking action if necessary to support these families.

Training

During the reporting period, the Company has not yet had the opportunity to develop and implement training and awareness tools for its groups and employees regarding the new requirements imposed by the Act. duBreton is committed to implementing the necessary training tools to raise awareness and inform members of our group. We are working diligently to meet this requirement within the next few weeks.

Efficiency assessment

Over the past year, the company has implemented a number of measures to reduce the risk of forced or child labor in its operations and supply chains. The goal is to continue to equip, verify, monitor and educate to ensure duBreton's commitment to all our customers. duBreton is committed to this ongoing process.

Approval and certification

This report has been approved in accordance with section 11(4)(b)(ii) of the Act by the President of the Company and the Vice-President, Human Resources as a joint report of duBreton Inc. Les Viandes Du Breton Inc. Les Spécialités prodal (1975) Ltée, Aliments Breton Inc. Q.S.B. Inc. 9254-3560 Québec Inc. and North Country Smoke House for the year ended May 31, 2024. In accordance with the requirements of the Act, and in particular Section 11 thereof, we confirm that we have examined the information contained in the report for the above-mentioned entities. To the best of our knowledge, and having exercised due diligence, we confirm that the information contained in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year referred to above.

I have the power to bind duBreton

Vincent Breton
President
and member of the Board of Directors



31 mai 2024