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LIQUOR CORPORATION

May 29, 2025

Minister of Public Safety
Public Safety Canada
Government of Canada

RE: Report on Forced Labour and Child Labour in Supply Chains Act

Dear Minister,

In accordance with the requirements of Forced Labour and Child Labour in Supply Chains Act (Act), and in particular section 11 thereof, I attest that I have reviewed the information contained in the following report for Newfoundland and Labrador Liquor Corporation (Business #: 122785629). 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 prior financial year (April 7, 2024, to April 5, 2025).

Respectfully submitted,

I have the authority to bind Newfoundland and Labrador Liquor Corporation
Glenn Mifflin
Chairperson
May 29, 2025

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This report is prepared in accordance with the Annual Report requirements set *in Bill S-211 - An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act)* sections 11(1) to 11(3).

1. Annual Report

Requirement: Section 11(1) requires a report of steps taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

During its prior financial year, Newfoundland and Labrador Liquor Corporation (NLC) took the steps below to prevent and reduce the risk of forced labour and child labour in its activities and supply chains.

- An internal committee comprising senior employees across multiple departments continued to review the Act and NLC's compliance with its requirements.

- All NLC employees who may deal with external suppliers and any employees who may hire or manage internal staff completed a training session and signed off on NLC's new Child and Forced Labour Policy (May 2024). (Further details of the training completed are provided below in Section 3(f).

- An NLC working group met with other Atlantic Canada liquor boards on a quarterly basis to discuss compliance, education and training, and supplier mapping and risk assessment issues.

- NLC, along with other Atlantic Canadian liquor boards, engaged a professional consultant to perform risk screening and an assessment of risks related to forced labour and child labour in their supply chains.

- NLC contacted a sample representative of suppliers to request that they attest to not engaging in forced labour or child labour themselves or in their supply chains. The sample was selected based on the risk

assessment performed by the professional consultant. All suppliers contacted responded with a positive attestation.

- The NLC Supplier Code of Conduct and Employee Code of Conduct were in place throughout the year and continue to support NLC's commitment to ethical conduct. Further details on each of the Code of Conducts as well as a policy developed to specifically cover forced labour and child labour are provided in Section 3(b) below.

2. Report Type (Single or Joint report)

Requirement: Section 11(2) of the Act requires an entity to provide a report in respect of itself or as a party to a joint report in respect of more than one entity.

This report is prepared by the Newfoundland and Labrador Liquor Corporation in respect to itself.

3. Supplementary information

Requirement: Section 11(3) of the Act details a list of 7 categories of supplementary information to be included in the Annual Report.

3(a) Structure, Activities and Supply Chains

NLC is a Crown Corporation of the Government of Newfoundland and Labrador with responsibility through the Liquor Corporation Act, the Liquor Control Act, and the Cannabis Control Act for the importation, sale, distribution and management of beverage alcohol and cannabis. NLC also ensures the delivery of programs that promote safe, responsible consumption.

NLC is one of the largest retailers in the province. Through 28 corporate retail locations, over 140 liquor express stores, more than 550 Brewer's Agent outlets, and over 1,400 restaurants, lounges, and other licensees, along with private order services, NLC offers over 4,000 products per year to consumers and its retail partners from more than 20 countries. It also regulates and distributes to 59 licensed cannabis retailers across the province, and offers customers a

secure, legal online environment for cannabis purchases via ShopCannabisNL.com. NLC operates a 77,000 square foot distribution centre, as well as a manufacturing operation, Rock Spirits. The facility, which runs world-class blending, bottling and canning operations, ships to more than 30 countries around the world and has been in operation for over 70 years.

NLC operates with the expectation that it will generate revenue for the Government of Newfoundland and Labrador, with 100% of its profits reinvested in the province to fund key public services. NLC aspires to build trust in everything it does - with customers, employees, retailers, commercial partners, and communities, along with Government, to ensure a stronger Newfoundland and Labrador.

Further information about NLC can be found at https://nlliquorcorp.com/about-newfoundland-labrador-liquor-corporation.

3(b) Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Supplier Code of Conduct

Forced labour and child labour are addressed in NLC's existing Supplier Code of Conduct for Responsible Procurement. This was developed in 2018 and can be found at https://nlliquorcorp.com/images/doing-business/files/tenders/NLC-Supplier-Code-of-Conduct-for-Responsible-Procurement-July-3-2018.pdf.

The Supplier Code of Conduct states that NLC expects its suppliers to refrain from using child labour and forced labour. The Code of Conduct also contains sections on Business Ethics, Compliance with Laws and Regulations and Worker's Rights.

The Supplier Code of Conduct includes confidential mechanisms to report issues, including an anonymous phone line operated by a third party. It also details non-compliance action including the right to end business relationships and the right to report suspected illegal activity to appropriate authorities.

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NLC's efforts to communicate the Supplier Code of Conduct to its suppliers include:

- All NLC Purchase Order Terms and Conditions for beverage alcohol, cannabis and other goods and services reference the NLC's Supplier Code of Conduct for Responsible Procurement, with a link to the actual document.

- NLC's Product Listing Application for new products includes a section where the agent/supplier is required to agree to NLC's Supplier Code of Conduct (with a direct link to the Code of Conduct).

- The Supplier Code of Conduct is included in the Submission Form for each of the NLC's Procurement Templates, and the submission form is a mandatory submission document.

Employee Code of Conduct and Policy

- NLC's Employee Code of Conduct includes an all-encompassing section for matters that employees may encounter that may not be fair, ethical, legal or in compliance with policies, and has strengthened the language to reaffirm NLC's stance regarding the prohibited use of forced labour and child labour within the organization and across our supply chain.

- NLC's Employee Code of Conduct provides employees with reporting mechanisms, including an anonymous phone line operated by a third party, and outlines NLC's investigation process for potential violations.

- NLC developed a Forced Labour and Child Labour Policy that was approved in the past fiscal year. The Policy is part of NLC's commitment to act professionally, fairly and ethically in its relations with employees and suppliers. All NLC employees who may deal with external suppliers and any employees who may hire or manage internal staff signed off on the Policy in the past year.

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3(c) Parts of the Business and Supply Chains that Carry a Risk of Forced Labour or Child Labour and Steps Taken to Assess and Manage Risk

NLC did start a formal risk assessment process to identify specific risks in its supply chain.

- NLC was part of a joint and cost shared agreement with other Atlantic Canada liquor boards contracting a professional consultant to conduct a Supplier Mapping and Risk Assessment exercise & report.

- The professional consultant's Supplier Mapping and Risk Assessment report cross-referenced Country of Origin and products that were identified as having heightened risk of Forced Labour or Child Labour according to the International Labour Organization (ILO) and the USA Department of Labour.

- The Assessment was based on NLC purchases declared to the Canada Border Services Agency between January 4, 2021 and October 21, 2024.

- The overall risk profile for forced labour and child labour was assessed as low.

- Based on the professional consultant's Assessment, NLC contacted a representative sample of suppliers and asked them to attest to not engaging in forced labour or child labour themselves or in their supply chains; committing to conducting due diligence to assess and mitigate risks of forced labour and child labour within their supply chains; and committing to the promotion of human rights, ethical business conduct, and sustainable supply chain practices. All suppliers contacted provided signed attestations.

As reported above in Section 1, in the past financial year NLC took the following steps to prevent and reduce the risk of forced labour and child labour in its activities and supply chains:

- An internal committee comprising senior employees of NLC continued to review the Act and NLC's compliance with requirements.

- All NLC employees (136 in total) who may deal with external suppliers and any employees who may hire or manage internal staff completed a training session and signed off on NLC's new Child and Forced Labour Policy (May 2024).

The NLC Supplier Code of Conduct and Employee Code of Conduct were in place throughout the year and continue to support NLC's commitment to ethical conduct. The Employee Code of Conduct ensures a safe and respectful environment, and it was updated during the previous fiscal year to reaffirm NLC's stance regarding prohibited use of forced labour and child labour within the organization and across our supply chain.

3(d) Measures Taken to Remediate any Forced Labour or Child Labour

NLC has not identified any forced labour or child labour in its own business or supply chains.

NLC does provide mechanisms for confidential reporting of any issues in both its Supplier Code of Conduct and Employee Code of Conduct.

3(e) Measures Taken to Remediate the 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 Activities and Supply Chain

NLC has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

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3(f) Training Provided to Employees on Forced Labour and Child Labour

An internal committee comprising senior employees of NLC continued to review the Act and NLC's compliance with requirements and was comprised of several senior members of NLC from different functional departments.

All NLC employees who may deal with external suppliers and any employees who may hire or manage internal staff completed a training session that included a presentation from a professional consultant. The training related to human rights and modern slavery, including identifying the financial, supply chain, and reputational costs when companies are found responsible for human rights abuses. It also covered reporting obligations, identification of possible risk factors and indicators of Forced Labour and Child Labour.

Included in the training session there was also a requirement to review and sign off on NLC's new Forced Labour and Child Labour Policy for all management.

All managers completed the training.

Public Safety Canada provided an updated webinar session on Forced and Child Labour and was attended by three (3) NLC staff members from Executive and Supply Chain.

3(g) Assessment of Effectiveness in Ensuring that Forced Labour and Child Labour are Not Used in its Business and Supply Chains

No issues related to the Forced Labour and Child Labour in Supply Chains Act have been reported through the mechanisms provided in NLC's Supplier Code of Conduct and Employee Code of Conduct.

The NLC will continue its processes and due diligence efforts in the current financial year.