



Broue-Alliance Inc. - Bill S-211 Report

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Introduction

The following report has been drafted by Broue-Alliance Inc. ("Broue-Alliance") in alignment with section 11 of Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act) for the financial year ending December 31st, 2023. This is a joint report covering the following entities:

Entity	Business Number
Broue- Alliance Inc.	736771692
Broue-Alliance Artisan Inc.	143420479

Under the act, Broue-Alliance qualifies as an entity due to its presence with a place of business, business activities, and assets in Canada. Moreover, it satisfies two of the three size-related thresholds concerning revenue and assets. Importantly, Broue-Alliance fulfills the reporting obligation for entities as a producer of goods in Canada and importer of goods produced outside of Canada. In addition, Broue- Alliance Artisan Inc. qualifies as a reporting entity as it controls another entity that produces or imports goods (Broue- Alliance Inc.)

Broue-Alliance is steadfast in its commitment to uphold honesty and integrity in all its business operations. In alignment with bill S-211, this report has been prepared to disclose the measures that Broue-Alliance has implemented, as well as those it plans to undertake, to mitigate the risks associated with modern slavery within its business framework.

Section A: Structure, Activities, and Supply Chains

Broue-Alliance, a Canadian corporation headquartered in Laval, Quebec, produces a variety of alcoholic beverages within Canada. The Company's line of business includes the manufacturing of malt beverages such as beer. The products are also sold and distributed throughout Canada and beyond its borders. Broue-Alliance maintains a geographically spread supply chain encompassing North America (Canada and the United States), Europe (Germany, Italy, and Spain), and China. In order to ensure product availability, Broue-Alliance implements a contingency plan that involves importing goods from outside Canada, particularly the United States.

Section B: Policies and Due Diligence Processes

Over the last full financial year, Broue-Alliance did not have in-place a formal due diligence policy specifically aimed at managing and mitigating the risks of forced and child labour within its operations and supply chain. Despite this, Broue-Alliance has chosen to partner with top-tier suppliers, a decision that inherently minimizes exposure to unethical labour practices. Our supplier selection process emphasizes the quality and reliability of products and the ethical standards of the manufacturers.

While Broue-Alliance has not yet implemented formal policies or due diligence processes over the past financial year, we are considering developing a Supplier Code of Conduct and a Supplier Manual as part of our ongoing efforts to enhance our policies and due diligence processes.

Broue-Alliance maintains a commitment to upholding the highest standard of ethical labor practices and fostering a sustainable, responsible supply chain. Looking ahead, Broue-Alliance is dedicated to continuing to enhance its efforts to actively reduce the risk of forced and child labor in its supply chain.

Section C – Forced Labour and Child Labour Risks

Over the past financial year, we did not start the process of identifying risks. However, to understand where in the supply chain forced and child labour risks may exist, Broue-Alliance recently carried out a risk assessment process. This process was guided by insights provided by the Walk Free Global Slavery Index, the Organization for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible

Business Conduct, and by the US Department of Labor's List of Goods Produced by Child Labour or Forced Labour. These documents were chosen due to their recognized authority in addressing forced and child labor risks for Canadian entities. Through this analysis, our organization identified potential forced and child labor risks associated with specific countries.

This risk identification exercise does not presuppose the actual use of forced and child labour within our operations or supply chains, rather, it is aimed at recognizing potential scenarios where such risks might arise, thereby further enabling Broue-Alliance to implement effective preventative measures. Our assessment acknowledges that no industry is entirely exempt from the risks of forced and child labour and there are inherent vulnerabilities within certain sectors of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms might not be robust.

The analysis considered specific geographic regions that, according to the Walk Free Global Slavery Index and other credible sources, present a higher risk of forced and child labour practices. This geographic risk assessment, was combined with an assessment of at-risk-goods categories, further enabling a targeted lens to our risk assessment.

Risk Assessment Findings

Through our analysis, we focused on the suppliers' top 80% by spend. These suppliers are geographically spread across Canada, the United States, Italy, Germany, Spain, China, and Lebanon.

The findings revealed a varying prevalence of forced and child labor risk across our supplier base. Procurement from Canada, Germany, and Spain, which accounts for 30% of our total spend, carries a very low prevalence of forced and child labor. The United States, representing 18% of our import spend, exhibits a fairly low prevalence of forced and child labor. However, China, presents a high prevalence of forced and child labor, although it only accounts for 8% of our import expenditure.

We also examined data from the US Department of Labor's List of Goods Produced by Child Labour or Forced Labour. This is an important step in isolating specific goods from our import portfolio that may be susceptible to forced and child labour. By considering this data against the products that we import, no products were found to be subject to an elevated risk of being associated with forced and child labour practices.

Overall, the findings from our risk assessment suggest that our exposure to forced and child labour risks within the supply chain is fairly low in the context of overall expenditures. This does not undermine our intention to consider these risks and conduct our risk management procedures and policies accordingly.

Looking forward, our organization remains resolute in its pursuit of enhancing due diligence endeavors to proactively mitigate the risk of forced and child labour. Planned actions related to due diligence may include:

- **Supplier Questionnaire:** We are considering developing a supplier questionnaire to gather insight from our suppliers and further our due diligence, to identify any risks and build trust by improving transparency.

Section D – Remediation Measures

Over the past financial year, our assessments have not identified any instances of forced and child labour within our operations or supply chains, and accordingly, no remediation measures have been taken. In alignment with the United Nations Guiding Principles on Business and Human Rights, we recognize the importance of having robust remediation measures in place.

While no instances of forced and child labour within our operations or supply chains have been identified, should they be in the future, remediation measures could include:

a) Immediate Response and Remediation: In the event of instances of forced and child labour within our operations or those of our suppliers, swift action will be taken. We will engage directly with affected individuals and communities to assess the impact and devise appropriate remedial measures, which may include financial compensation, assistance in securing alternative employment, and facilitating access to education and healthcare services.

b) Supplier Collaboration: Acknowledging the complexities of supply chains, we are committed to collaborative efforts with our suppliers to ensure the effective implementation of remediation measures. This may entail providing guidance, educational resources, and other forms of support as necessary.

c) Policy Review and Enhancement: Identification of forced and child labour will trigger a review of relevant policies and practices to extract insights and make necessary adjustments.

d) Stakeholder Communication: In upholding transparency and accountability, we will communicate our remediation efforts and outcomes to relevant stakeholders, while adhering to privacy and confidentiality requirements. This fosters trust and demonstrates our commitment to ethical business practices

Section E – Remediation of Loss of Income

Over the past financial year, we have not identified any instances of forced and child labour in its operations or supply chains, and by way of a supply chain risk assessment has determined itself to carry a relatively low overall supply chain risk as it relates to forced and child labour. Thus, no measures have been taken to remediate the loss of income to vulnerable families. Broue-Alliance recognizes the importance of being prepared to take immediate and effective action should any such issues arise. This may include providing alternative income-generating opportunities, facilitating access to education for those affected, and establishing partnerships with local NGOs to support community well-being.

Section F – Training

Over the past financial year, Broue-Alliance has not conducted formal training programs related to forced and child labor in the supply chain. However, recognizing the critical importance of such training, we are considering developing a program. This training would be mandatory for all staff involved in procurement and purchasing, as these roles are pivotal in maintaining the integrity of our supply chains. The goal of the training program is threefold:

- Promoting Awareness: To educate our staff on the definitions and indicators of forced and child labour. This includes understanding the legal frameworks, both local and international, that govern labour practices and the responsibilities of businesses under these regulations.

- Enhancing Skills: We are dedicated to empowering our employees with practical proficiencies necessary for identifying potential risks and breaches within our supply chain. This encompasses comprehensive training modules covering audit procedures, supplier compliance evaluation, and the discernment of subtle cues suggestive of unethical labour practices.

Our aim is to foster a supply chain and team of professionals that are collectively vigilant and proactive against forced and child labour.

Section G – Assessing Effectiveness

While Broue-Alliance does not currently have specific policies and procedures in place to assess its effectiveness in ensuring that forced and child labour are not being used in its activities and supply chains, we are committed to implementing more robust measures if concerns arise or best practices evolve.