

Broue-Alliance Inc. - Transparency on Supply Chain Report (S-211)

Fighting Against Forced Labour in Supply Chains Act: 2025

Table of Contents

Introduction	3
Section A: Structure, Activities, and Supply Chains	3
Section B: Policies and Due Diligence Processes	3
Section C – Forced Labour and Child Labour Risks	4
Section D – Remediation Measures	5
Section E – Remediation of Loss of Income.....	5
Section F – Training	5
Section G – Assessing Effectiveness.....	6
Attestation	7

Introduction

The following report has been drafted by Broue-Alliance Inc. ("Broue-Alliance") in accordance with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") for the financial year ending December 31st, 2024. This report is a joint submission pursuant to section 11(2) of the Act and covers the following entities:

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

The content of this report applies equally to both entities, which share identical supply chain structures, risk profiles, and governance policies. Based on this alignment, a joint report was deemed appropriate and compliant with Public Safety Canada's guidance on joint reporting.

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 when it has capacity issues. In addition, Broue-Alliance Aritsan Inc. qualifies as a reporting entity as is 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 the Act, 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 based in Laval, Quebec, specializes in the production of a wide range of alcoholic beverages, including malt-based products such as beer. The company conducts its manufacturing activities within Canada and distributes its products across the country as well as internationally.

Broue-Alliance operates a geographically diverse supply chain, sourcing #goods and materials from North America (Canada and the United States), Europe (Germany, Italy, and Portugal), and China. To support product availability and operational resilience, the company has established a contingency strategy that includes the importation of products, primarily from the United States, to supplement its Canadian operations when needed.

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 currently working with a third-party advisory firm to design and implement a formal Supplier Code of Conduct and a risk-based Supplier Questionnaire and expected to be completed by Q3 2025. These tools will enable the company to gather critical supplier information, reinforce ethical standards, and better mitigate labour-related risks in its supply chain.

Broue-Alliance maintains a commitment to upholding the highest standard of ethical labour 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 labour in its supply chain.

Section C – Forced Labour and Child Labour Risks

Over the past financial year, we began identifying potential risks across our operations. As part of this ongoing effort, Broue-Alliance recently reconducted a targeted risk assessment to better understand where forced and child labour risks may exist within the supply chain. 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 Labour'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 labour risks for Canadian entities. Through this analysis, our organization identified potential forced and child labour 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

As part of our analysis for the 2024 financial year, we concentrated on suppliers representing approximately 88% of the company's total supplier spending. These suppliers are geographically spread across Canada, the United States, Italy, Germany, China, and Portugal. Of this 88%, 36% are categorized as "N/A" as they represent suppliers of non-tangible goods or services (e.g., gas, electricity, taxes, insurance, or intercompany entities such as Groupe de courtage Omni). These do not fall under the scope of the S-211 Act, which targets the risk of forced labour and child labour in the production of goods.

The assessment covered the remaining 64% of suppliers (those providing goods within S-211 scope). It revealed varying levels of exposure to forced and child labour risks. Purchases from Canada and Germany, representing 26% of our total expenditures, were associated with a very low prevalence of such risks. Similarly, imports from the United States and Portugal, accounting for 17% of assessed supplier spend, presented a relatively low prevalence. In contrast, China, representing 9% of our import spend, was identified as having a high prevalence of forced and child labour.

We also reviewed the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor to assess whether any goods imported by our organization fall into high-risk categories. Based on this analysis, no products currently sourced were found to be linked to an elevated risk of forced or child labour.

Overall, the risk assessment indicates a relatively low level of exposure to forced and child labour across our supply chain, particularly when viewed in relation to overall procurement volumes. However, this does not lessen our commitment to risk awareness and responsible sourcing practices.

Section D – Remediation Measures

No instances of forced or child labour were identified in our operations or supply chains during the past financial year. As a result, no remediation measures were required or implemented to date.

Nonetheless, in alignment with the United Nations Guiding Principles on Business and Human Rights and the expectations of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (S-211), our organization recognizes the importance of being prepared to respond effectively should such risks materialize.

In the event that forced or child labour is identified, the following remediation measures would be considered:

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

No instances of forced or child labour were identified in our operations or supply chains during the past financial year. Based on our supply chain risk assessment, we have determined our overall exposure to such risks to be relatively low. Accordingly, no remediation measures were required to address the loss of income among vulnerable individuals or families.

That said, Broue-Alliance recognizes the importance of being prepared to mitigate unintended negative impacts of corrective actions. Should any cases arise in the future, we are committed to:

- Supporting access to alternative income-generating opportunities for affected individuals and families;
- Facilitating access to education and basic services, where appropriate;
- Collaborating with local NGOs and community organizations to support long-term resilience and well-being.

Section F – Training

Over the past financial year, Broue-Alliance has not conducted formal training programs related to forced and child labour in the supply chain. However, recognizing the critical importance of such training, we are currently starting to develop practical training and framework materials in partnership with a third-party service provider to support ongoing compliance and is expected to be completed by Q3 2025. 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.

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.