



Modern Slavery Report 2023

This Modern Slavery Report (the "Report") addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (Canada) (the "Act").

This initial Report is made on behalf of **Pattison Food Group ("PFG")**, including its wholly owned subsidiaries, **Pattison Food Group Ltd.**, **Everything Wine Inc.**, **Pure Pharmacies General Partnership**, **Imperial Distributors Canada Inc.**, **Sun Rich Foods Canada Inc.** and **Monte Cristo Bakery Ltd.**, and is a joint report.

I. INTRODUCTION

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading business in the grocery industry, PFG recognizes the important role that we have in ensuring that the supply chains that support our operations and products adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during the 2023 fiscal year to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by PFG or of goods imported into Canada by PFG.

II. CORPORATE OVERVIEW AND SUPPLY CHAINS

Established in 2021, PFG is a Jim Pattison business with roots back to a single store in New Westminster, BC, in 1915. This single store has since grown into an organization that includes some of the most well-known retail grocery stores throughout Western Canada, with locations serving communities of all sizes and corners of the provinces of BC, Alberta, Saskatchewan, Manitoba and the Yukon. Since the company was founded, the world has experienced incredible change and has become more interconnected than ever. Our first Overwaitea store had a mere fraction of the number and variety of products that can now be found in any typical grocery store, and this proliferation of products has yielded deeply complex and far-reaching supply chains.

PFG has always sourced local products first wherever possible, as part of our commitment to Canadians and Canadian producers. Our stores are proud to sell more than 2,500 local products made by over 2,000 local farmers and producers. However, there are many products that do not have their origins in Canada. As always, we expect that our suppliers and partners will act with integrity and comply with all local laws and international agreements at every step of the supply chain. The fact that issues such as forced labour and child labour exist and may be part of the production of goods that make their way to Canadians means that we, like every company in Canada, must move beyond these assumptions.

PFG encompasses many entities that supply food, pharmaceutical products, general merchandise, and consumer staples to millions of Canadians. These include the following:

Pattison Food Group Ltd.;
Everything Wine Inc.;
Pure Pharmacies General Partnership;
Imperial Distributors Canada Inc.;
Sun Rich Foods Canada Inc.; and
Monte Cristo Bakery Ltd.

PFG's office is located at 19855 92A Ave, Langley BC, V1M3B6.

For the purposes of this report, these entities are treated similarly as they often procure and sell the same categories and types of goods. For example, one of our produce wholesalers (Van-Whole Produce), one of our fresh-cut produce companies (Sun Rich), and many of our retail stores may procure very similar or the same fruits and vegetables and have a similar or the same supply chain. Pharmaceutical products will also share many of the same brands, origins, and category offerings as one another, whether they are available at a distributor (Imperial Distributors

Canada Inc.) or in our retail pharmacies (Save-On-Foods). Other services and resources are also shared among entities, including, but not limited to, administrative and personnel services.

The PFG entities listed above have a total of 30,000 employees all of which are in Canada. We have comprehensive recruitment oversight and employment practices that ensure that our Canadian employees, working in all areas from retail locations to food manufacturers, are legally entitled to work in Canada and are of appropriate legal age for their role, working hours, and category of employment pursuant to the *Employment Standards Act*. All required source deductions are collected and remitted to the CRA.

Our companies fall into the categories of retail grocery stores, food wholesalers, pharmacies and pharmaceutical distribution, and food manufacturers (Monte Cristo Bakery, Sun Rich Foods). The majority of PFG employees work in our retail stores or the operations to support them, with a relatively small number in the wholesalers, food manufacturers, and distributors.

While it is not feasible to exhaustively list all the products that PFG procures and sells, their origins, and the supply chains that accompany them, it's helpful to consider a typical grocery store and the assortment of products available there: everything from fresh produce to pies, frozen vegetables to paper towels, and tens of thousands of other products that vary from well-known international consumer brands to artisanal products from local businesses. PFG is the brand owner for several consumer brands that are sold in our stores and some of which are sold wholesale, including, but not limited to, Western Family, Only Goodness and Value Priced. There are also some private brands exclusive to specific retail banners, such as QF at Quality Foods and Earth's Choice at Choices, among others. PFG's private brand products are produced for us by various suppliers and are not directly manufactured by PFG.

III. POLICIES AND DUE DILIGENCE PROCESSES

As is the case with many food and consumer products, our products come from a variety of countries depending on the product, brand, and supplier. For example, food staples such as coffee or oranges may come from different countries depending on the brand, variety, and even change with growing seasons. Given this complexity and its extreme scale in our business, it is critical for us to have visibility into our supply chains for assurance of their integrity.

On this understanding, in 2023, PFG took a concrete step forward in communicating our expectations of our vendors and suppliers by consolidating and finalizing our 'Pattison Food Group Supplier Environmental, Social, Governance (ESG) Responsibility Standards and Procedures' document. This document outlines a variety of expectations related to ethical and responsible conduct, including, but not limited to, workers' rights, food safety, humane treatment of animals and human rights considerations such as those in the International Labour Organization Standards and Conventions, the latter of which is most relevant to the issues of forced labour and child labour. The ESG Responsibility Standards and Procedures also stipulate avenues of recourse should we find a supplier in contravention of these standards. The standards apply to all listed PFG suppliers and establish a more consistent foundation for due diligence and supply chain transparency expectations.

With PFG entities sharing more resources and personnel, each entity also has access to a more focused support network and resources dedicated to corporate responsibility and ESG considerations going forward.

In 2023, we continued the process of seeking out and evaluating options for systems and/or standardized processes that can provide visibility and traceability in our products' supply chains. Given that our companies procure but do not directly produce our goods for sale and considering the significant number of products in our stores (hundreds of thousands), this is a highly complex, challenging and thorough exercise.

In part due to the number of items we procure, their variances in countries of origin, and previous relationships and expectations with suppliers, we have not engaged in formal or robust supply chain mapping to date. The origins and traceability of our products is an ongoing challenge due to the vast differences in the length of the supply chain based on the product itself. For example, the lettuce supply chain is shorter and less complex than that of a blueberry pie, which comprises many ingredients and components of various origins. The commodities used to make those blueberry pies can also change ownership prior to the pies being finished and sold at our stores, adding to the challenge of increased visibility to every step of the supply chain.

IV. RISK ASSESSMENT AND MANAGEMENT

Though we sell a variety of consumer goods in retail locations, our food business has the highest risk of forced labour or child labour based on current understanding and practices. We understand that food supply chains can have instances of forced labour or child labour and different regions have a higher likelihood of this risk in its supply chain. The agricultural sector is cited as having the highest prevalence of child labour, with commodities including coffee, fish, cane sugar, tomato/tomato products, and cocoa of notable concern for Canadian imports¹ (World Vision, p. 5). As of 2019, the top five origin countries for 'risky' imports to Canada were Mexico, Brazil, China, Colombia, and Vietnam (World Vision, p. 6), with specific commodities associated with each of these countries. Much of this risk lies at the commodity production level.

V. MODERN SLAVERY REMEDIATION MEASURES

In 2023, PFG was made aware by an advocacy group of an instance of suspected forced labour associated with one of the products that a smaller subsidiary sold, and that potentially provided an ingredient for our prepared food in stores. When made aware of this instance, PFG removed existing items of that brand for sale and delisted the items from that supplier. Through this process we discovered the supplier itself was unaware of this issue, as the product had gone through a chain of brokers, illustrating the scope of the challenge of true visibility across all tiers of the supply chain.

VI. LOSS OF INCOME – REMEDIATION MEASURES

We are at the relative beginning of creating formalized processes and policies to address forced labour and child labour in the supply chains of the products we procure. We do not yet have full visibility of the risk, nor metrics measuring how effective potential visibility solutions may be to address the underlying issues. As a result, we have not taken any measures to remediate the loss of income to the most vulnerable families resulting from our actions to eliminate the use of forced labour or child labour in our supply chains.

VII. TRAINING

¹ May Contain Child Labour - Risky Canadian Grocery Report. World Vision. (n.d.).
<https://www.worldvision.ca/WorldVisionCanada/media/NCFS/Risky-Canadian-Grocery-Report-Final-03Feb2021.pdf>

In 2023, we did not have specific, formalized training in place to understand and mitigate the risk of forced labour or child labour. These policies and resources are currently in development for our team members. As awareness of this issue grows, we are seeing a significant increase in outreach from various parts of the organization for resources and information on how to make procurement decisions that avoid these potential human rights violations in the supply chain.

VIII. ASSESSING EFFECTIVENESS

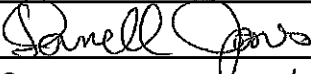
Due to the complex nature of the global food supply chain, where a product can change ownership many times from commodity to finished product, comprehensive traceability solutions and/or standards will ultimately be key for not only our business but any that rely on a complex and far-reaching upstream supply chain. The current traceability and certification solutions range significantly, and we are actively participating in the industry-driven development of solutions, as well as looking to our associations and various resources to help inform best practices and policies going forward.

IX. APPROVAL AND ATTESTATION

This Report was approved pursuant to paragraph 4(b)(i) of the Act and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at www.pattisonfoodgroup.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in this Report for JFG. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

This Report is approved by the following governing body members:

Printed Name: DARRELL JONES
Title: President
Company: Pattison Food Group
Signature: 
Date: May 29 2024