

SLAVERY AND HUMAN TRAFFICKING - ANNUAL STATEMENT

Introduction

This report (the "Report") is made on behalf of Phildan Inc and its subsidiaries, Univins and Spirits Inc., Philippe Dandurand Wines Ltd, Galleon Fine Wines inc., Maison des Futailles s.e.c ("Station 22"), Centre de Recherche et de Développement Melville inc and Mondia Alliance Canada inc ("Dandurand Group", the "Company", "we", "us" or "our") pursuant to Section 11(1) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") covering our most recently completed fiscal year which ended December 31, 2023. This report outlines the measures implemented to prevent and mitigate the risk of forced labor or child labor being used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Company.

This report is not a revised version of a report that was submitted previously. The entities addressed in this report are not subject to reporting requirements under supply chain laws in any other jurisdictions.

Corporate structure, Business Activities and Supply chain

Corporate History, Structure and Business Activities

Phildan Inc. (1177233039) is a private company, founded in 1968, and incorporated under the Quebec Business Corporations Act; with its headquarters located at 2000-1100 Atwater Avenue in Montreal, Quebec.

Our activities are divided into two business segments.

Through our sales and marketing agencies (Philippe Dandurand Wines Ltd, Univins and Spirits Canada Inc., Galleon Fine Wines Inc.) we manage the importation, distribution, marketing, and sale of alcoholic beverages to governmental bodies and independent retailers. We work with a variety of stakeholders, from consumers through our online boutique specializing in wine importation, to producers by giving them access to distribution channels in Canada.

Through Station 22, we manage the manufacturing and bottling of alcoholic and non-alcoholic beverages.

Supply Chain

The Company procures raw materials, finished goods and services from a broad range of local and international suppliers in many jurisdictions in the world.

Most of the finished goods we purchase are wines and spirits from producers located in countries such as the United-States, France, Italy, Portugal, Greece, Argentina, Chile, South Africa, Australia, and New-Zealand.

Most of the raw materials we purchase include bulk wine, bulk spirits, malt-based beverages, juices, water, flavors, bottles, cans, lids, caps, labels, and packaging materials that we use to manufacture, bottle and/or distribute alcoholic and non-alcoholic beverages. We procure them mostly from Canada, the United States, Mexico, Europe (Portugal, Italy, France, Greece, Spain, United Kingdom), South America (Argentina & Chile), Australia, New -Zealand and China.

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We also purchase machinery to operate our factory in Montréal. We favor local purchases when possible.

Governance, Policies and Due Diligence Processes

Oversight

We are committed to respecting human rights in all aspects of our operations and business activities and to embedding responsible business conduct into our policies and our management systems.

Our Board is responsible for the overall stewardship of our organization and overseeing the management of our business and affairs. The Board established two committees to assist it in fulfilling its oversight responsibilities regarding corporate social responsibility and compliance with legal and regulatory requirements: the Audit and Risk Management Committee and the Governance and Human Resources Committee. Environmental, social and governance (ESG) oversight and responsibility is officially integrated into the Board's Governance and Human Resource Committee charter.

Policies relating to slavery and Human trafficking.

Our **Supplier Code of Conduct** and our **Code of Conduct and Business Ethics** for our employees reflect our commitment to implementing and enforcing effective procedures and controls to minimize the risks of human trafficking and other modern slavery practices infiltrating our business operations or supply chains, and to acting ethically and with integrity in all our business activities and relationships. Our Station 22 subsidiary is also certified by SEDEX ("**Supplier Ethical Data Exchange**"), a non-profit organization dedicated to driving improvements in ethical and responsible business practices in global supply chains. As such, it follows a specific ethic code called '**Ethical Trading Initiative**'. The company monitors and ensures that it complies with federal, and provincial local laws regarding human rights to ensure full compliance.

Due diligence processes in relation to slavery and human trafficking

The following actions have been implemented by the Company to prevent modern slavery and human trafficking occurring in our operations and supply chains:

Supplier Code of Conduct

- Our subsidiary Station 22 has a Supplier code of conduct that follows the principles of the Ethical Trading Initiative contained in SEDEX. It covers labor and human rights, safety, environmental, and business ethics. All suppliers must read the code and consent to apply the same principles in their activities. Station 22 expects the third parties with whom it interacts to adopt and implement practices that are consistent with the Supplier Code of Conduct and may terminate any business relationship with a third party acting in a way that is inconsistent with its values and practices.
- In 2024, we intend to develop a similar code of conduct for all the suppliers and business partners we work with through our sales and marketing agencies.

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Code of Conduct and Business Ethics

Our Code of Conduct and Business Ethics ('the Code') apply to all employees, officers, managers, directors, agents and consultants, of the Company. It is intended to set out the general principles of acceptable conduct in our relations with other employees, clients, suppliers, investors, and the communities in which we carry on our activities. The Code includes policies regarding anti-harassment, anti-workplace violence, anti-discrimination, and anti-retaliation.

The Code has been revised and updated in early 2024 to adapt to new legislations and now includes a detailed explanation of human rights specifying that involuntary labor (e.g., forced labor and child labor) is not tolerated.

Our Code also includes a Whistleblower policy which responds to serious concerns that may have repercussions on Dandurand Group, including erroneous financial reports, illegal activities, discrimination, harassment, or policies violations. Any stakeholder has a duty to report suspected violations to his or her manager or if he prefers via an independent third party.

All employees shall review the Code at least once per year and confirm that they have done so by signing a certification. As of 2024, members of the Board of Directors shall also certify each year that they have read, understood, and applied the content of the Code of Conduct and Business Ethics. The code is also presented to each new employees during their onboarding process.

Supplier Ethical Data Exchange

Our Station 22 subsidiary is certified by SEDEX (<https://www.sedex.com>) since 2019. Our last certification was obtained in January 2023. SEDEX is a non-profit organization dedicated to driving improvements in ethical and responsible business practices in global supply chains. Membership requires regular self- assessment of Labor conditions, Health & Safety, Environment and Business Ethics which is shared with customers on the platform encouraging transparency and continuous improvement throughout the supply chain. Their ethic code called 'Ethical Trading Initiative' states nine key principles the company must adhere to:

- Freedom of employment choice
- Freedom of association and the right to collective bargaining are respected
- Working conditions comply with health and safety regulations
- Child labor is prohibited
- Payment of a minimum wage
- Working hours are not excessive
- No discrimination is practiced
- It is appropriate to provide regular employment
- It is forbidden to engage in severe or inhumane treatment

Assessing and Managing Our Risks

We are aware that there may be risk of forced labour at all levels of our supply chain. However, due to the nature of our industry, we consider the risk of modern slavery in our supply chain to be limited. Based on the public information available, we have identified the following areas of potential concerns:

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- **Wine (bulk and finished products) from Italy and France**¹²
- **Ocean freight suppliers**^{3 4}: use of labour coming from low-cost countries at shipping ports of dispatch, as well as labour onboard cargo ships, may present a risk of forced labour and debt bondage, where the economic circumstances and unskilled labour from low-cost countries may be exploited.
- **Uniform and Personal protective equipment suppliers**⁵: use of child labour, servitude and/or forced labour in the textile industry.

Although no forced or child labor was observed and no indication of any existing historically or currently were found, we are dedicated to continuous monitoring and caution, and we are committed to developing an appropriate risk management framework at a later stage.

Remediation Of Forced And Child Labor And Loss Of Income

Employees who become aware of a possible violation of the Code of Conduct and Business Ethics, or of a violation of the law by the Company or any of its employees, have an important duty to report it to his/her direct manager or if they prefer through a third party that can be contacted by email or by phone. The Whistleblower Policy allows employees to express their concerns with the assurance that they will be protected against reprisals or victimization for reporting in good faith. If an employee is aware of or suspect another party is acting unethically or illegally, he or she shall make a report using the identified reporting channel. The identity of anyone reporting a suspected violation, or participating in an investigation, will remain confidential.

In 2023, there were no measures taken to remediate the loss of income to the most vulnerable families given that there was no forced or child labor identified in our operations or supply chain.

Training

Although the Company does not currently provide a specific training to employees on forced labor or child labor, all employees shall review the Code of Conduct and Business Ethics, which includes policies regarding forced and child labor, at least once a year, and confirm their understanding and acceptance by signing.

Additionally, all new employees are presented with the Code of Conduct and Business Ethics when starting their new role and they are required to confirm their understanding and acceptance of the Code by signing.

As of 2024, members of the Board of Directors shall also certify each year that they have read understood and applied the content of the Code of Business Conduct.

¹ <https://movendi.ngo/news/2021/09/22/big-wines-human-rights-abuses/>

² <https://www.decanter.com/wine-news/human-trafficking-investigations-launched-in-the-champagne-region-512548/>

³ [Shipping Roundtable Meeting Report May 2019.pdf \(ihrb.org\)](#)

⁴ [The Dark Underbelly of the Seas: Human Rights Abuses, Forced Labour, and Seafood Certifications | Human Rights at Sea](#)

⁵ [Ethical procurement and forced labour: Committee of the Whole—May 19, 2022 - Canada.ca](#)

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Finally in 2024, all employees will receive a comprehensive training regarding several policies that are included in our Code of Conduct and Business Ethics including a training on child and forced labor.

Future Action

The Company has number of measures to reduce the risk that forced labour or child labour is used in our activities. While a formal assessment of the effectiveness of those measures is not yet in place, their effectiveness is commonly recognized within the HR best practice profession, and we continue to review our processes, policies and practices to align with industry best practices.

The Company aims to take further steps soon to raise awareness and mitigate the risk of modern slavery within our operations and supply chain such as:

- In Canada, all employees will conduct training regarding modern slavery and how to report it.
- A Supplier Code of Conduct aimed at effectively managing our risks of forced labour and child labour in our supply chain is scheduled to be adopted in 2024 for our subsidiaries Philippe Dandurand Wines Ltd, Univins and Spirits (Canada) Inc and Galleon Fine Wines Inc. The Supplier Code of Conduct will articulate explicit expectations in this regard for our suppliers and, among other obligations, is expected to require our direct suppliers to certify an absence of forced and child labour in their supply chain.
- We will continue the process of risk assessment and develop an appropriate risk management framework.

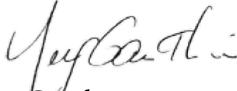
This Report was approved by the Board of Directors of Phildan Inc. as being a joint report of Phildan Inc. and its subsidiaries which have an obligation to publish a report pursuant to the Act, for the financial year ended December 31, 2023, in accordance with subparagraph 11(4)(b)(ii)⁶ of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I 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.

I have the authority to bind Phildan Inc. and its subsidiaries which have an obligation to publish a report pursuant to the Act.

Signed in Montréal, Québec, Canada, this ____ May 31_____, 2024.

Signature:



Name: Hugues Gauthier

Title: President

⁶ Note : This assumes that the report is approved by the governing body of the entity that controls each entity included in the report.

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