

NORTERA



Report on Forced Labour and Child Labour Risks

**to the Minister of Public Safety and Emergency
Preparedness**

May 15, 2024

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1. Introduction

This report is produced by Nortera Foods Inc. (“**Nortera**”) a leader in the agri-food sector, focusing on monitoring and managing its activities and supply chains to ensure compliance with applicable laws and regulations.

Nortera reports to the Minister of Public Safety and Emergency Preparedness on the proactive measures implemented during the financial year ended June 30, 2023. These measures are designed to prevent and mitigate the risks of forced labour or child labour at any stage of production of its products, both domestically and internationally, as well as of products imported into Canada.

Forced labour and child labour, are each defined in the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). This is Nortera’s inaugural report prepared in accordance with Canada's new Act as of May 15, 2024, demonstrating its ongoing commitment to ethical business practices and the protection of human rights within its supply chains.

2. Nortera Structure, Activities and Supply Chains

- **Corporate Structure and Mission:** Nortera is a corporation constituted under the Business Corporations Act. With its head office in Brossard, Quebec, and an administrative office in Rochester, New York, Nortera’s mission is to enrich society by providing access to the nutritional wealth of vegetables.
- **Operations and Leadership:** As a North American leader in the processing and marketing of canned and frozen vegetables, Nortera operates 13 processing plants across Canada and the United States, including locations in Lethbridge, Alberta; multiple sites in Ontario (Strathroy, Ingersoll, Tecumseh); and several in Quebec (Sainte-Martine, Saint-Denis, Bedford, Saint-Césaire). In the U.S., plants are located in Fairwater, WI; Brockport, Bergen and Oakfield NY; and Lebanon, PA. Nortera’s activities include packaging, labeling, and canning, importing shelf stable fruits.
- **Ownership and Investment:** Institutional investors now own Nortera, with Fonds de Solidarité FTQ and Caisse de Dépôt et Placement du Québec each holding a 32.5% stake, and Bonduelle SA owning 35%.
- **Employment and Supply Chain:** Nortera employs 3,500 permanent and seasonal workers and does business with approximately 580 suppliers distributed over 21 countries. Nortera’s supply chain manages over 260 product varieties, involving technologies in canning and packaging that position Nortera as a leader in meeting diverse customer needs, whether for private labels or co-packing.
- **Sustainability and Sourcing:** Covering 120,000 acres, Nortera’s operations yield 750 million pounds of vegetables annually. From seeds to shelf, Nortera’s supply chain includes providers of raw, frozen, bulk, canned, or packaged fruits and vegetables, as

well as dry beans, grains, and rice. The majority of the components are sourced from suppliers under long-term contracts, ensuring stability and quality in the supply chain.

Country of Origin of Nortera's Suppliers

To provide a clear overview of its global supply chain, Nortera sources its materials from a diverse array of countries, reflecting its extensive international reach. This detailed breakdown showcases the variety and scale of Nortera's supply sources:

The United States (US) is the largest source, with 119 suppliers.

Canada follows closely with 89 suppliers.

Mexico and China are also notable sources with 15 suppliers each.

France contributes 8, while Belgium has 4, along with Peru and Guatemala.

The Netherlands provides 3 suppliers.

Spain, Vietnam, and South Africa suppliers 2 each.

There are several countries including Tunisia, Germany, Argentina, Brazil, Chile, Ecuador, and Egypt that have 1 supplier each.

Nortera's Supply Categories Breakdown

To provide further insight into the composition of its supply chain, Nortera offers a breakdown of the types of supplies sourced. This breakdown highlights the diversity and prioritization of resources essential to its operations. The categories range from core products like vegetables, which represent a significant portion of Nortera's supplies, to other crucial elements such as transportation and ingredients. Here are the categories contribution to the supply chain: Vegetables, Transportation, Ingredients, Dry Pulses and Grains, frozen Warehouse, Food Contact Packaging, Non-Food Contact Packaging, Fruits, Dry Warehouse.

3. Steps to prevent and reduce the risk that forced labour or child labour

Nortera is dedicated to respecting and safeguarding the human rights, safety, and dignity of all individuals contributing to its business success. As part of its commitment, Nortera requires that its suppliers not only meet the obligations outlined in their supply agreements but also adhere to stringent business practices consistent with international human rights standards. At Nortera, ethical conduct extends beyond mere compliance; it is embedded within its comprehensive governance culture.

From January 1, 2024, to the publication of this report, significant steps have been taken to mitigate the risks associated with forced and child labour within Nortera's activities and supply chain:

- **Supplier Code of Conduct:** Nortera has revised its Supplier Code of Conduct to incorporate enhanced labour rights protections. Compliance with this Code is mandatory for all suppliers and related parties through standard terms and conditions or other contractual agreements with Nortera. Nortera aims for at least 75% of its

suppliers to formally agree to this Code by the end of the financial year in June 2024, with an ambitious target of reaching 90% adherence.

- Risk Assessments: Nortera's Quality Department conducts detailed risk assessments focusing on the top 10% of suppliers deemed at risk. These assessments are based on key performance indicators relevant to each material category, including certifications, supplier performance, and commercial relevance. Nortera also requires additional documentation from these suppliers to ensure compliance with its standards.
- Internal Risk Assessment: Nortera has started conducting an internal assessment to identify and evaluate the risks of forced and child labour in its supply chains. This assessment helps us to continuously improve Nortera's strategies and ensure that its supply chains are free from unethical labour practices.

4. Policies governance and due diligence in relation to forced labour and child labour

This section outlines the framework of policies and due diligence processes, that Nortera has instituted, underscoring its unwavering commitment to sustainable performance and the protection of human rights. Nortera's initiatives reflect a strong desire to foster a safe and inclusive environment for all colleagues and workers throughout its operations and supply chains.

4.1 Nortera's Corporate Social Responsibility (CSR) Policies

- Environmental Policy: Nortera commits to preserving the natural resources it depends on and continuously seeks to minimize its environmental footprint.
- Local Hiring Policy: By prioritizing local talent, Nortera supports community development while ensuring fair labour practices.
- Diversity, Equity, and Inclusion Policy: Nortera actively cultivates a workplace that celebrates diversity, ensuring equal opportunities for all employees.
- Donations, Sponsorships, and Volunteering Policy: Nortera's engagement with communities extends beyond business, reflecting its dedication to social welfare and human rights.

4.2 Industry-leading ESG profile

Since Nortera's raw materials come directly from the earth, Nortera has a responsibility to preserve the planet's soil and all the natural resources that it uses.

Nortera markets products from the land, and from an environmental, social and governance ("ESG") perspective, actively collaborates with its 650 farming partners. Bound by the Agronomic Charter, Nortera and its partners uphold sustainable farming practices, reduce pesticide use, and conserve resources. Nortera's proximity to the suppliers enhances its capacity to influence and enforce ethical practices.

4.3 Agronomic Charter

Nortera's charter symbolizes a collective commitment to quality and legal compliance. The purpose of Nortera's agronomic charter is to ensure world-class environmental stewardship, social responsibility, and input traceability to guarantee high vegetable quality that Nortera processes from the cultivation phase onwards.

4.4 Nortera Code of Conduct

Doing the right thing at all times for the good of Nortera and everyone.

The Code of Conduct applies to all employees and officers, as well as any person or firm retained or authorized to represent Nortera at all of its locations. Nortera also expects its consultants, vendors, contractors, and other third parties with whom it does business to abide by the portions of the Code that apply to their relationship with Nortera.

Nortera always acts in an ethical and legal manner in its dealings with stakeholders while striving to compete and win in its business.

Nortera's guidelines:

- Prevent Legal and Ethical Violations: Adherence to all relevant trade, economic, anti-bribery, competition, and anti-money laundering laws.
- Avoid Conflicts of Interest: Maintaining Nortera's best interests in all decisions.
- [Nortera Code of Conduct](#)

4.5 Nortera Supplier Code of Conduct

In alignment with the Act, the Supplier Code of Conduct articulates Nortera's expectations of suppliers and business partners. It mandates:

- Prohibition of Forced and Child Labour: Suppliers must verify their supply chains to prevent forced or child labour.
- Immediate Reporting of Violations: Obligatory disclosure of any suspected use of forced or child labour to Nortera.
- Audit and Compliance: Suppliers must undergo regular audits to ensure adherence to Nortera's standards and take corrective actions if necessary.

Additionally, two specific sections within the Supplier Code of Conduct underscore Nortera's commitment and provide detailed guidance. It applies to Nortera and all suppliers, brokers and all business partners:

- Section 3: Modern Slavery, Involuntary and Forced Labour outlines Nortera's zero tolerance for human trafficking and forced labour, emphasizing the rights of workers to engage in work willfully and without coercion.
- Section 4: Child Labour details the stance against underage labour, defining the age standards in alignment with local laws and international standards set by the International Labor Organization (ILO).
- [Nortera Supplier Code of Conduct](#)

4.6 United Nations Sustainable Development Goals

Nortera aligns its business operations with the United Nations Sustainable Development Goals, incorporating human rights considerations into its corporate strategies and decision-making processes to contribute to global progress.

- [United Nations Sustainable Development Goals](#)

4.7 Due Diligence

Nortera's Supplier Approval Program ensures that all partners meet its ethical standards and legal requirements. Nortera conducts regular evaluations to maintain a compliant and principled supply chain.

4.8 Reporting

Nortera empowers its employees and suppliers to confidently voice concerns related to labour violations. Nortera maintains multiple reporting channels, including:

- Email reports to the office of the General Counsel.
- Online reports through a secure website or dedicated email services, ensuring confidentiality and accessibility

Through these policies, Nortera proactively governs its supply chains and enforces due diligence. Nortera is not just committed to compliance but is actively striving to set new benchmarks for ethical conduct in the industry.

5. Evaluate and Manage Nortera's risks

Nortera is dedicated to creating an environment where issues of labour violations can be openly addressed. Nortera has established mechanisms that empower its employees and suppliers to report any concerns confidently and securely. Nortera's risk management strategy encompasses various activities aimed at identifying, assessing, and managing supplier risks, ensuring compliance, and maintaining the integrity of its supply chains.

Risk Assessment:

The process of supplier evaluation is systematic and multifaceted. Selection criteria are comprehensive and include:

- **Geographic Location:** Considering the varying risks presented by different regions, which may affect labour practices.
- **Annual Sourcing Volume:** Assessing the impact of the supply size on potential risk exposure.
- **Cost of Materials Sourced:** Higher-value materials may carry higher risks and therefore warrant closer scrutiny.
- **Manufacturing Facility Standards:** Ensuring that facilities meet Nortera's stringent requirements for quality and ethical labour practices.

Monitoring and Compliance:

Nortera's Quality Department and Procurement Departments collaboratively monitor supplier performance to ensure adherence to its standards. This oversight includes:

- **Regular Audits:** Conducted to review supplier practices and compliance with labour laws and Nortera's expectations.
- **Continuous Improvement:** Suppliers receive feedback and assistance to improve practices and align with Nortera's ethical standards.

Nortera's comprehensive approach to risk management reflects its commitment to act with diligence and foresight in all aspects of its operations, particularly in upholding human rights and labour standards.

6. Corrective Measures

Nortera remains vigilant against the risks of forced labour and child labour within its operations. To date, Nortera's vigilant hiring practices and thorough checks have successfully prevented these unethical practices in the operations in Canada and the United States. Nortera ensures all employment is voluntary and legal by verifying individuals' right to work and their free will to engage in employment.

Nortera's commitment to ethical conduct is articulated through its Code of Conduct and Supplier Code of Conduct, which serve as foundational documents for reporting and addressing potential violations. These codes outline the expectations for behavior and provide clear channels for voicing concerns:

- **Whistleblower Line:** A confidential and secure line for both suppliers and employees to report any concerns or suspected ethical or legal violations, without fear of retaliation.

In instances of non-compliance with the Act or Nortera's own ethical standards, Nortera is prepared to take decisive action. This includes:

- **Development of Corrective Plans:** Nortera will swiftly develop and implement a comprehensive plan aimed at addressing any identified issues, ensuring immediate improvement and long-term compliance.
- **Termination of Agreements:** If a supplier fails to meet the requirements of the Act, Nortera retains the right to terminate the agreement. This reflects the zero-tolerance approach to forced labour and child labour and underlines the serious consequences for non-compliance.

These corrective measures are part of Nortera's broader commitment to uphold human rights and ensure ethical conduct throughout its supply chain.

7. Training on Ethics and Policies

To foster a corporate culture steeped in integrity and ethical responsibility, Nortera invests in comprehensive training programs for all employees. These trainings are meticulously designed to ensure that each member of Nortera's team, from entry-level to executive, fully understands and is able to embody the principles outlined in the Code of Conduct and other policies.

Initial Training for New Employees: All new employees at Nortera are introduced to the corporate core values through mandatory training sessions. These sessions include:

- **Code of Conduct Overview:** Detailed discussions of the Code's provisions, emphasizing the importance of ethics in Nortera's daily operations.
- **Policy Familiarization:** A rundown of Nortera's key policies, with particular focus on those addressing labour laws, human rights, and fair employment practices.

Specialized Training Initiatives: In line with the continuous improvement objectives, the year 2024 will see specialized training programs rolled out for key teams:

- **HR Directors and Recruiters:** Tailored sessions that will equip Nortera's human resources professionals with advanced tools and knowledge to uphold its high standards in hiring practices.
- **Sourcing Team Training:** Targeted education for Nortera's sourcing team to deepen their understanding of the supply chain's complexities and the critical importance of ethical procurement.

8. Assess effectiveness

While it is premature to provide a comprehensive analysis of the effectiveness of Nortera's actions in this inaugural report, Nortera is actively implementing measures and establishing

processes that aim to prevent and reduce the risk of forced or child labour in its operations and supply chains.

Proactive Measures:

Risk Mitigation Initiatives: Nortera is initiating several preventive measures tailored to identify and address potential risks proactively.

Policy Implementation: The recent deployment of the updated policies is one of the significant steps Nortera has taken towards safeguarding its supply chain.

Evaluating Nortera's Impact:

Supplier Engagement: As part of Nortera's commitment to continuous improvement, Nortera has begun to engage its suppliers directly in this endeavor. A risk-focused questionnaire has been circulated among suppliers, especially those in regions or sectors where forced or child labour risks are historically higher.

Process Development for Measurement: Nortera is in the early stages of developing processes for ongoing monitoring and evaluation. These include establishing key performance indicators (KPIs) related to the anti-forced and child labour initiatives and creating feedback mechanisms to gather actionable insights from its supplier network.

Continuous Improvement in Risk Management

As Nortera presents this inaugural report, it is essential to recognize that Nortera's efforts to manage and mitigate risks of forced and child labour in its operations and supply chains are evolving. While Nortera has established a framework and initiated several key measures, Nortera understands that perfection is a continuous pursuit rather than an immediate milestone. Nortera is committed to learning and improving with each step we take.

Nortera's journey towards eliminating these risks is ongoing, and Nortera is dedicated to refining its strategies and processes as it gains further insights and feedback. Nortera aims to enhance its monitoring systems, deepen its engagements with suppliers, and strengthen its internal policies consistently over time. This iterative process underscores Nortera's commitment not only to comply with legal standards but to lead by example in its industry, striving to set new benchmarks for ethical conduct and transparency.

9. Approval

This report has been reviewed by the Human Resources and Governance Committee approved by the Board of Directors of Nortera Foods Inc. In conformity to section 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I Estelle Métayer, in my capacity as Chairwoman of the Board of Nortera Foods Inc., attest that I have reviewed the information contained within this report. Based on my knowledge and having exercised reasonable diligence, I confirm that the information presented in this

report is true, accurate, and complete in all material respects for the purpose of the Act for the reporting year listed above.

I have the authority to bind Nortera Foods Inc.

By: (s)_____

Name: Estelle Métayer

Title: Chairwoman of the board

Date: 5/25/2024_____