



TNG, a division of Great Pacific Enterprises Inc.

Modern Slavery Report 202

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 **Great Pacific Enterprises Inc. dba TNG (Canada) (“TNG”), ProLogix Distribution Services, GP (“ProLogix”), and AccuLogix Distribution Services, GP (“AccuLogix”)**, 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 wholesale distribution and 3PL industry, TNG 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 TNG or of goods imported into Canada by TNG.

II. CORPORATE OVERVIEW AND SUPPLY CHAINS

TNG is a division of the Jim Pattison group of companies. TNG is operated by an executive team including the President, Vice President of Sales and Marketing, Vice President of Finance, Vice President of Procurement and a Senior Vice President of Operations. TNG employs approximately 640 people in its 30 locations across Canada.

TNG is primarily a magazine and book distributor selling to retailers across Canada. We also distribute products including, but not limited to: music (CDs and Vinyl albums), SodaStream and textured haircare products. We act as a third party logistics company for many craft brewers and beverage companies in Ontario and Atlantic Canada.

TNG's supply chain includes businesses and publishers that utilize manufacturing and printing plants in the US and Canada, in addition to local craft beer brewers. SodaStream products are produced in Israel. We receive goods from our suppliers in their final form, and some that require further processing.

TNG is not required to produce similar reports under any other jurisdiction.

TNG qualified to file this Report as during the 2023 fiscal year TNG: a) was doing business in Canada; b) had at least \$20mm in assets in Canada; c) generated at least \$40mm in revenues; and d) employed at least 250 people.

The head office of TNG is located at 3310 South Service Road, Suite 307, Burlington Ontario, L7N 3M6.

Our customers are located across Canada.

In total, we procure goods and services from approximately 100 suppliers and contractors. The total procurement spend for the previous two financial years is ~ \$300,000,000.

Further information about our business can be found on our website.

III. POLICIES AND DUE DILIGENCE PROCESSES

Policies

Through our Supplier Code of Conduct, Business Code of Conduct, and Whistle Blower policies, we communicate our values and expectations, setting a high bar for ourselves and our suppliers, and make it clear that we do not tolerate any forms of forced labour or child labour. We are committed to evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations, or in the operations of our suppliers, subcontractors and other business partners. We make an effort, including through carrying out our due diligence and audits, to monitor the performance of our suppliers and to prevent our activities harming human rights. Our policies were adopted several decades ago and are reviewed annually. Our relevant policies are discussed in further detail below:

Supplier Code of Conduct-2024

TNG's Supplier Code of Conduct sets out the expectations we have of our suppliers, their supply chains, and those with whom we do business. We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Supplier Code of Conduct in their own operations and supply chain.

We also expect our suppliers to share in our commitment to respect human rights and strive to meet the highest ethical business standards and international best practices for responsible business conduct. Our Supplier Code of Conduct sets forth our commitment to preventing and eliminating forced and child labour, and our expectation that suppliers engage in due diligence to identify, address and resolve risks and instances of forced or child labour in their own operations. We engage with suppliers that are committed to principles of diversity and inclusivity in their supply chains and ask that suppliers commit to these standards as a condition of doing business with us. We review our Supplier Code of Conduct on an annual basis to ensure that this policy is in line with current best practices.

Business Code of Conduct 2007

We are committed to conducting our business lawfully and ethically. Our Business Code of Conduct is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, TNG employees should always act lawfully, ethically and in the best interests of TNG.

Whistleblower Policy 2007

We are committed to maintaining high ethical standards and legitimate business practices and wish to encourage the identification and prevention of any misconduct that may affect this commitment. The Whistleblower Policy aims to provide an avenue for employees to raise serious concerns with the reassurance that they will be protected from reprisal or victimization for whistle-blowing in good faith.

Due Diligence

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks.

To mitigate potential forced labour and child labour risk, we follow a due diligence approach that includes the following steps:

- Supplier visits;
- Reviewing references for the supplier, and researching the supplier online and in our purchasing community;
- Supplier confirmation, including appropriate language on this issue representing and warranting that no such practices are involved or incorporated in their systems/work; and
- Embedding responsible business conduct into policies and management systems.

IV. RISK ASSESSMENT AND MANAGEMENT

TNG engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we engage with our peers to discuss risks. To identify the business activities with the greatest exposure to these risks, we consider the following factors:

- Reliance on low skilled workforce;
- Dangerous or undesirable work; and
- Presence of migrant workers.

Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as transportation, warehousing, manufacturing, packaging, and raw material sourcing. We recognize that our exposure to forced labour and/or child labour increases when we engage with suppliers who source goods or raw materials from countries where forced labour exploitation is known to occur. As such, we follow a risk-based approach to our due diligence activities. Our due diligence is prioritized to the most significant adverse impacts based on severity and the likelihood of harm and focus our attention and resources.

V. MODERN SLAVERY REMEDIATION MEASURES

Steps to Prevent and Reduce Risks of Forced and Child Labour

- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily;
- Prioritization to focus due diligence efforts on the most severe risks of forced and child labour;

- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains; and
- Monitoring suppliers.

Remediation Measures

Our Supplier Code of Conduct requires our suppliers to adhere to high standards of ethical conduct. Forced and child labour is strictly prohibited. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business.

If we discover any forced labour or child labour in our business and supply chains, we take the following measures to remediate such forced labour or child labour:

- *Suspension or termination of a supplier, sub-supplier or contractor;*
- *Actions to prevent forced labour or child labour and associated harms from reoccurring;*
- *Actions to support victims of forced labour or child labour;*
- *Reporting findings to proper government authorities;*
- *Grievance mechanisms; and*
- *Formal apologies.*

VI. LOSS OF INCOME – REMEDIATION MEASURES

- ***STEPS TO BE TAKEN TO REMEDIATE IF THERE IS A LOSS OF INCOME RESULTING FROM REMEDIATION MEASURES***
 - *Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;*
 - *Compensation for victims of forced labour or child labour and/or their families; and*
 - *Community and stakeholder engagement or wider capacity-building measures.*

Note that we have not identified any instances of forced labour or child labour in our operations and/or supply chain.

VII. TRAINING

Every year, TNG personnel at all levels are required to complete a mandatory certification process to ensure that our Code of Business Conduct and Ethics is understood and properly applied to our daily activities. Every new employee of TNG must complete mandatory online training on our values and policies, including our Code of Business Conduct and Ethics, and is informed of how to report wrongdoing under our Whistleblower Policy. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge. In 2024, we will add training for the prevention of child or forced labour.

VIII. ASSESSING EFFECTIVENESS

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Whistleblower Policy and other informal

mechanisms of employee feedback. To date, no significant concerns or complaints have been identified.

We also assess the effectiveness of our policies by:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour; and
- Tracking relevant performance indicators, such as levels of employee awareness, number of cases reported and solved through grievance mechanisms and number of contracts with anti-forced labour and child labour clauses.

To date we have not identified any parts of our business activities or supply chain that carries the risk of forced labour.

Note that at the date of this Report, TNG has entered into an asset purchase agreement to sell all its assets of the company. Consequently, if the transaction is completed, there will be no future reports from TNG on this business.

IX. APPROVAL AND ATTESTATION

This Report was approved pursuant to paragraph 4(b)(i) of the Act by TNG's President Peter Olson on May 31, 2024 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.tng.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for TNG. 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.

Peter Olson on behalf of TNG, a division of Great Pacific Enterprises Inc.

President, May 31, 2024

I have the authority to bind TNG

A handwritten signature in black ink, appearing to read 'Peter Olson', with a long horizontal flourish extending to the right.