



Report on Forced Labour and Child Labour Risks

Year ended March 31, 2025

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1 Application

The following is a joint report prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) that pertains to Diamond Estates Wines & Spirits Inc. and its wholly owned operating subsidiaries Diamond Estates Wines & Spirits Ltd. (“Diamond Ltd.”), De Sousa Wines Toronto Inc. and Backyard Vineyards Corp. (collectively, “Diamond” or the “Corporation”). Lassonde Industries Inc. (“Lassonde”) owns a controlling interest in Diamond (since November 14, 2023) and Lassonde is filing its report separately. Lassonde substantially relies on the efforts of Diamond, as the operating entity, with regards to monitoring and managing its activities and supply chains as well as ensuring compliance with applicable laws and regulations.

Diamond hereby reports to the Minister of Public Safety and Emergency Preparedness on the various measures taken during its previous fiscal year ended March 31, 2025 to prevent and reduce the risks that forced labour or child labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby.

Unless otherwise indicated, the information in this report is presented as at March 31, 2025, the last day of the Corporation’s most recently completed fiscal year. All references to “FY2024/25” are to the Corporation’s fiscal year ended March 31, 2025.

None of the entities included in this report are subject to reporting requirements under supply chain legislation in another jurisdiction. This report contains forward-looking information and should be read in conjunction with the cautionary statement on forward-looking statements in the Corporation’s annual management’s discussion and analysis for FY2024/25 available on SEDAR+ at www.sedarplus.com and on the Corporation’s website at www.diamondwines.com.

2 Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Throughout FY2024/25, Diamond has taken the following steps to prevent and reduce the risk of forced labour and child labour occurring in its activities and supply chains:

- Continued to use its inherent risk assessment processes to map the forced and child labour risks of its suppliers based on their country of origin and the sectors in which they operate;
- Required its current and new material suppliers to review and comply with the Supplier Code of Conduct communicated through the Corporation’s supply chain, or risk termination as a supplier;
- Included a compliance provision in its supplier contract form, requiring suppliers to review the Corporation’s Supplier Code of Conduct and undertake to comply with its terms and all applicable laws and regulations regarding child labour and forced labour in both Canada and their home market;
- Developed and implemented training for the Corporation’s procurement team employees on forced labour and child labour;
- Developed its internal Modern Slavery Working Group, composed of representatives from the management, procurement and legal teams, who held meetings to implement and monitor measures aimed at ensuring compliance with the legal requirements imposed by the Act;
- Ensured the Chair of the Modern Slavery Working Group completed mandatory training on human rights and the UN Guiding Principles on Business and Human Rights provided by the UN Global Compact Academy; and
- Developed and started implementing training and awareness materials on the Corporation’s whistleblowing procedures for plant employees.

3 Structure, Activities and Supply Chains

Structure

Diamond Estates Wines & Spirits Inc. is incorporated under *Business Corporation Act (Ontario)*, headquartered in Niagara-on-the-Lake, Ontario and listed on the TSX Venture Stock Exchange (“TSXV”) (TSXV: DWS). Lassonde owns over 50% of the shares of Diamond while the balance is held by institutional and retail shareholders, these shares being listed for trading on the TSXV.

Diamond Estates Wines & Spirits Ltd. is incorporated under the *Business Corporations Act (Ontario)* and is headquartered in Niagara-on-the-Lake, Ontario. It is the primary operating entity within Diamond and operates two wineries in Ontario. Diamond Ltd. also operates a sales and marketing division, Trajectory Beverage Partners (“TBP”), that sells and markets both domestic and international wines, spirits, beer and cider brands in Canada.

De Sousa Wines Toronto Inc. is incorporated under the *Business Corporations Act (Ontario)* and is headquartered in Niagara-on-the-Lake, Ontario. It holds an Ontario winery licence but currently has no other operating assets.

BackYard Vineyards Corp. is incorporated under the *Business Corporations Act (British Columbia)* and is headquartered in Langley, British Columbia. It operates a winery in Langley, British Columbia.

Activities

The Corporation develops, manufactures, and markets a wide range of beverage alcohol products, including wines and ciders. TBP also sells and markets a wider portfolio of both domestic and imported wines, spirits, beers and ciders as a sales and marketing agency.

Diamond will report its March 31, 2025 F2024/25 audited financial results after the publishing of this report, approximately in late June/early July 2025. For the fiscal year ended March 31, 2024, the Corporation’s sales were in an amount just over \$28.5 million and were geographically broken down as follows as to well over 95% of its total sales in Canada. Product sales in Canada happen at the wineries’ retail stores, directly to restaurants and consumers or through the provincially controlled liquor boards and regulators and licensed grocery stores. TBP earns commissions from suppliers making sales into the provincial liquor boards, but such liquor boards place their orders directly with the suppliers, take title to the goods, pay the suppliers and then the suppliers remit commissions from those payments to TBP. TBP is active in the retail market segment where it makes sales to liquor board and grocery store head offices and retail stores. TBP also operates in the food service sales market segment which is comprised of sales to restaurants and hotels.

Diamond operates 2 wineries (Niagara-on-the-Lake, Ontario and Langley, British Columbia) and 1 warehouse (Niagara-on-the-Lake, Ontario) and produces and sells its products through approximately 100 full-time equivalent employees, all of whom are in Canada.

The Corporation’s Mission, Vision, and ESG Roadmap

Diamond is committed to its vision of responsibly putting more of its great tasting products in more consumers’ hands, that serve more needs, across more occasions, every day, and by continuing its focus on crafting beverage alcohol beverages that consumers love, clients value, employees are proud of, and that demonstrate care for our planet.

The Corporation aims to build sustainable supply chains that reflect Diamond’s corporate culture and the values and behaviours that Diamond promotes. The Corporation is guided by a core set of values that reinforce its beliefs, which include accountability, integrity, respect, and community. Diamond is also guided by a set of behaviours that inform its actions. They include agility, team, purpose, care, and performance.

The Corporation believes that aiming at reducing the risks that forced labour or child labour is used in its activities or supply chains is in line with the values and behaviours it promotes as well as with Diamond’s intention of building sustainable supply chains. This report details the governance, processes, and policies in place to reduce the risks that forced labour and child labour are used in the activities or supply chains of the entities that are subject to the Act.

Supply Chains

The Corporation’s supply chains are mainly composed of suppliers the ingredients/components of beverage alcohol (grapes, yeast) and of containers and packaging materials which it uses throughout its facilities described above.

Beverage Alcohol Ingredients

Currently Diamond produces wines and ciders, not beers and spirits. The raw materials used in the production of such beverage alcohol products starts with grapes for wine and apple concentrate for ciders and then includes yeast, sugar and acidity enhancers to make the base wines and ciders. While Diamond grows grapes on site at its wineries, the vast majority of its grapes are purchased from local grape growers in Ontario or B.C. Diamond does not own any apple orchards and purchases its apple concentrate in the Canadian bulk cider market, primarily from Lassonde.

Containers and Packaging Materials

With respect to product packaging, the Corporation mainly uses containers made of multilayered cardboard, PET plastic and glass. Diamond sources these from Canadian based brokers.

Trajectory Beverage Partners

As noted above, TBP earns commissions from suppliers making sales into the provincial liquor boards, but such liquor boards place their orders directly with the suppliers, take title to the goods, pay the suppliers directly and then the suppliers remit commissions from those payments to TBP. TBP has beverage alcohol partners primarily from Argentina, France, Italy, Portugal, United Kingdom, United States and Argentina.

4 Policies and Due Diligence Processes

Diamond is committed to sustainable performance and the protection of human rights and strives to create a safe and inclusive experience for all colleagues and workers throughout its operations and supply chains. The following are the policies and due diligence processes that Diamond put in place aimed at preventing and mitigating the risks relating to the use of forced labour or child labour in its supply chains. They apply to the Corporation and to its subsidiaries unless otherwise indicated.

Code of Conduct and Ethics

Diamond's Code of Conduct and Ethics outlines the ethical and legal standards that Diamond expects all its employees, executives and directors to uphold in their personal conduct and business practices. The Code of Conduct and Ethics covers key issues such as product safety, occupational health and safety, compliance with laws and regulations, bribery and conflicts of interests. It also provides for the absolute prohibition of any form of forced labour, child labour, human trafficking, harassment, or discrimination. The Code of Conduct and Ethics specifies that Diamond expects its business partners to adhere to ethical business conduct consistent with its own, and that the Corporation is committed to working with them to achieve this at all times.

The Code of Conduct and Ethics is available to all employees on the Corporation's website. Upon joining Diamond, employees are required to review and sign a copy of the Code of Conduct and Ethics. After this initial review, each employee is required to review the Code of Conduct and Ethics on an annual basis. Failure to comply with the Code of Conduct and Ethics or the Corporation's governance policies incorporated by reference therein may result in disciplinary measures, up to and including termination. The Corporation may also take any other action it deems appropriate to sanction any violation or questionable practice and prevent its recurrence.

Diamond's Code of Conduct and Ethics is available on the Corporation's website at www.diamondwines.com under the "Governance" section in the "About" tab.

Supplier Code of Conduct

Diamond believes in being a good corporate citizen and is committed to conducting its business activities in a socially responsible and sustainable manner. The Corporation strives to do business with suppliers who share its values and commitments. In light of this and the introduction of the Act, the Corporation adopted its Supplier Code of Conduct (the "Supplier Code") in 2024. The Supplier Code outlines expectations for suppliers in areas such as business integrity, anti-corruption, labour practices, health and safety and environmental management.

The Supplier Code reflects Diamond's values and expectations, both of itself and of its suppliers, agents, consultants and other third parties and business partners and their respective employees, directors and officers, all of whom are subject to the Supplier Code. In FY2024/25, the Corporation incorporated the Supplier Code into its supplier management team and has since required both current and new material suppliers to review.

Drawing on the International Labour Organization's (ILO) Core Labour Standards and Declaration on Fundamental Principles & Rights at Work, the Supplier Code requires suppliers to comply with its standards and requirements in a manner that is appropriate and proportionate to the nature and scale of their activities, the goods they supply and the services they provide.

Specifically, the Supplier Code strictly prohibits the use of forced or child labour by suppliers and requires them to conduct reasonable due diligence on their own supply chains and operations to ensure that there is no use of forced labour or child labour. This includes a prohibition on engaging in or benefiting from any form of human trafficking, such as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power or of a position of vulnerability. Giving or receiving payments or benefits to obtain the consent of a person having control over another person for the purpose of exploitation is also prohibited under the Supplier Code.

With respect to child labour, the Supplier Code provides that suppliers shall only employ workers, employees and contractors who are permitted to work in the jurisdictions in which the suppliers require them to work, provided that no person under the age of 18 shall be employed if the work would (or could reasonably be expected to): (i) be mentally, physically, socially or morally dangerous to a child; (ii) deprive a child of the opportunity to attend school; (iii) oblige a child to leave school prematurely; (iv) require a child to attempt to combine school attendance with excessively long and heavy work; or (v) otherwise interfere with a child's schooling.

Suppliers are required to immediately notify the Corporation if they become aware of or suspect the use of forced labour or child labour in their business operations or supply chains, including the scope and impact of such forced labour or child labour occurrence on their business relationship and contract(s) with the Corporation. Additionally, suppliers are required to notify Diamond if they become the subject of any investigation or proceedings regarding any offence or alleged offence by them of modern slavery related laws or regulations.

Suppliers are also required to provide immediate notice to Diamond if they fail to comply with any aspect of the Supplier Code and implement corrective actions immediately to address any contraventions. Where possible, Diamond will consider how to work with suppliers to address violations of the Supplier Code. However, the Corporation may consider terminating its business relationship with such suppliers.

The Supplier Code is available on the Corporation's website at www.diamondwines.com under the "Governance" section in the "About" tab.

Modern Slavery Act Compliance Policy

To further its commitment to fight forced labour and child labour in international supply chains and act as a good corporate citizen, Diamond adopted a Modern Slavery Act Compliance Policy in FY2024/25, which addresses its various obligations and responsibilities to comply with the requirements of the Act. This policy essentially deals with the due diligence process of supply chains and the training provided to employees to identify and mitigate risks related to forced labour and child labour.

In particular, this policy commits Diamond to take mitigating action if its due diligence processes reveal a high risk of forced labour or child labour in its supply chains. This includes, but is not limited to, the implementation of an accountability system and/or regular verification of compliance. In the event that a possible violation of the Act is identified, the policy provides that, in addition to immediate notification to the Corporation's Chief Legal Officer, further investigation may be undertaken, including possible site visits and audits, as appropriate. In addition, corrective actions and timely monitoring may be undertaken to ensure compliance.

The Modern Slavery Act Compliance Policy is available on the Corporation's website at www.diamondwines.com under the "Governance" section in the "About" tab.

Whistleblowing Reporting Procedures

Diamond encourages its employees and third parties who have a relationship with the Corporation to report, confidentially and anonymously if they wish, any behaviour that concerns them.

Diamond has established a whistleblowing procedure for anyone who believes that a supplier has engaged in illegal, unethical, or otherwise wrongful conduct, or any other activity in violation of the Supplier Code. The Corporation has also put in place a whistleblowing procedure for anyone wishing to make a disclosure or denunciation under the Code of Conduct and Ethics.

Internal Working Groups

Diamond established an Internal Modern Slavery Working Group in FY2024/25, composed of representatives from the Corporation's management, finance, supply chain and legal teams. This working group has been holding periodical meetings since its inception to ensure that its activities, including supply chain activities, and disclosure practices comply with the legal requirements imposed by the Act.

Contractual Provision

In FY2024/25, Diamond added a contractual provision to its supplier contract form that (i) requires suppliers to review the Supplier Code of Conduct and undertake to comply with the terms described therein as well as with laws and regulations relating to modern slavery and (ii) allows the Corporation to terminate the contract in the event of a violation of the Supplier Code of Conduct by the supplier.

5 Forced Labour and Child Labour Risks

Manufacturing Operations

The Corporation's manufacturing operations are located in Canada, where Diamond believes the risks of forced labour and child labour to be low.

All of the Corporation's employees are in Canada and are hired in accordance with, at a minimum, applicable laws and regulations, and Diamond conducts checks to ensure that individuals have the right to work and choose to work of their own free will. Furthermore, all employees are free to join a trade union or other similar association. Diamond is committed to providing a working environment that respects human rights and promotes fair and equal treatment of all individuals. As part of this commitment, Diamond complies with all applicable wage and working hour laws, including those relating to minimum wage, overtime and maximum working hours.

Supply Chains

Diamond's supply chains rely on numerous national and international suppliers from around the world, presenting challenges of transparency and complexity faced by many other manufacturers. The Corporation started mapping the potential forced and child labour risks in its supply chains in FY2024/25.

The Modern Slavery Working Group carries out an inherent risk mapping of Diamond's supply chains based on (i) the countries and sites where the Corporation's suppliers operate and (ii) their sectors of activity, with the aim to identify key and relative forced labour and child labour risks across its supply chains.

6 Remediation Measures

To date, there have been no identified or reported instances of forced labour or child labour in our manufacturing activities and supply chains.

As discussed in the "Policies and Due Diligence Processes – Supplier Code of Conduct" section of this report, suppliers are required to notify Diamond immediately if they become aware of or suspect the use of forced labour or child labour in their operations or supply chains and take appropriate correction action. In the event that one of Diamond's suppliers violates the terms and conditions of the Supplier Code, the Corporation may reconsider its business relationship with such supplier.

As part of Diamond's ongoing efforts to improve its knowledge of the underlying risks in its evolving supply chains, and based on the results of its ongoing inherent risk assessment of its suppliers, the Corporation's supply chain team is currently working to develop and implement additional measures to enhance the Corporation's due diligence process, including the possibility to require audits of higher risk suppliers and/or the completion of self-assessment questionnaires to better understand their business and operations.

7 Remediation of Loss of Income

To date, there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in the Corporation's activities and supply chains.

8 Training

During the reporting period, Diamond developed and provided training on forced labour and child labour to its procurement team. The training was developed internally and covered, among other topics, the Act's reporting requirements and an introduction to forced labour and child labour.

In addition, selected employees of the Corporation have received training from the UN Global Compact Academy on human rights and how to align business activities with the UN Guiding Principles on Business and Human Rights (the "UNGPs"). This training included an introduction to the UNGPs and to human rights due diligence and action guidelines.

In an effort to increase awareness of Diamond's whistleblowing procedures, the Corporation has established such procedures and will roll out its training and other awareness initiatives and materials over the course of the fiscal year ending March 31, 2026.

9 Assessing Effectiveness

The Corporation assesses the effectiveness of its approach primarily through a number of metrics used to measure the breadth of its forced labour and child labour risk program, including:

- Number of suppliers formally linked with the Corporation via its supplier risk assessment;
- Number of suppliers whose risks (including forced labour and child labour) have been assessed;
- Number of high-risk suppliers identified;
- Number of employees trained on forced labour and child labour risks over defined periods; and
- Number of suppliers who have reviewed and agree to comply with the Supplier Code.

10 Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Boards of Directors of Diamond Estates Wines & Spirits Inc. for the financial year ended March 31, 2025.

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 the entities 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 Diamond Estates Wines & Spirits Inc. and its subsidiaries and divisions

(signed) Andrew Howard

Andrew Howard

President/CEO and member of the Board of Directors

Diamond Estates Wines & Spirits Inc.
May 28, 2025