

May 11, 2022

Re: Dollarama Inc. (TSX: DOL) Shareholder Proposal (Proposal No. 1)

Dear Proxy Research Professional,

The B.C. General Employees' Union (BCGEU) has submitted a shareholder proposal to be considered at Dollarama's 2022 annual general meeting of shareholders. This letter provides supplementary information that is relevant to your review in formulating a voting recommendation, and which addresses Dollarama's response. All information contained in this letter is publicly available.

The proposal calls on Dollarama to address whether it requires its suppliers to respect their employees' right to free association and collective bargaining.

Importance of Freedom of Association / Collective Bargaining in the Retail Sector

The right to freedom of association / collective bargaining takes on heightened importance in the retail sector. In its May 2021 ESG Profile Report on Dollarama, Moody's highlights Dollarama's silence on the right to freedom of association / collective bargaining, and Moody's also states:

Key issues

The Respect for freedom of association and the right to collective bargaining is identified as a key issue for the Specialized Retail sector. Indeed, employees still face difficulties to join unions and to bargain collectively. Besides, the increasing investment in emerging countries, where bargaining rights might be more frequently subject to violations calls for efficient measures to ensure that employees are fully aware of their bargaining rights and how to exercise these.

Dollarama's Response

Statutory Protections as a Defence

Dollarama's claims that since the Canadian *Charter of Rights and Freedoms* and the *Charter of Human Rights and Freedoms* (Québec) protect certain personal freedoms, Dollarama does not need to address these rights in its Vendor Code of Conduct. The Canadian Charter does not apply to private persons – it applies to government action/legislation only. Furthermore, Dollarama has included in its Vendor Code of Conduct provisions against, among other things, forced labor, underage labor and discrimination, all matters covered by the Québec Charter. Given that its peers have chosen to include freedom of association / collective bargaining in their vendor/supplier codes, Dollarama's decision to exclude such matters raises more questions.

Metro Inc. is another Québec-based retailer, with stores operating under the Metro and Jean Coutu brands and having over 90,000 employees. Despite being subject to the Québec Charter, Metro chose to include reference to freedom of association / collective bargaining in its Supplier Code of Conduct for Responsible Procurement¹.

¹ <https://corpo.metro.ca/userfiles/file/PDF/suppliers-code-conduct.pdf>

Using Vendor Codes to Set Expectations about Priorities and Values

Dollarama decided not to include in its Vendor Code of Conduct any statement or standards regarding freedom of association / collective bargaining. One can draw an inference from that omission that Dollarama does not prioritize freedom of association / collective bargaining.

Dollarama claims that it expects suppliers to comply with the OECD Guidelines for Multinational Enterprises, and that it was therefore unnecessary for Dollarama to specifically include reference to the right to freedom of association / collective bargaining in its Vendor Code of Conduct. Like many retailers, Dollarama sources its products mainly from China. Notably, China is not a member of the OECD.

About its Vendor Code of Conduct, Dollarama states²:

The Vendor Code... is meant to ensure that Dollarama's business partners have a clear understanding of Dollarama's expectations concerning their business standards and practices.

Dollarama's statement is consistent with market expectations on the use of supplier codes of conduct. A paper commissioned from the corporate responsibility and consulting firm Business for Social Responsibility (BSR) for the OECD 2010 Corporate Responsibility Roundtable session on supply chains stated the following:

To set clear expectations with suppliers for responsible business conduct, MNEs use codes of supplier conduct which provide guidelines and direction to suppliers on how the MNE views responsible business conduct and what will be expected of suppliers in the course of the relationship.

Undermining the Efficacy of Vendor Audits

Dollarama's position is concerning, particularly when one considers the efficacy of the vendor audits that Dollarama conducts. In its 2021 ESG Report, Dollarama outlines the importance of these audits, and that they are guided by the Vendor Code of Conduct³:

Dollarama's Social Audit Program, implemented in 2019 and supported and informed by our Vendor Code and Vendor Compliance Survey, is independent from our ongoing product quality and safety driven audits. Administered by our Product Compliance team under the direction of Legal Affairs, it is primarily focused on monitoring social and environmental practices of our Tier 1 manufacturer sites.

The Vendor Code of Conduct outlines vendor obligations with respect to these audits:

Dollarama reserves the right to assess and monitor vendor compliance with these standards. To this end, vendors are required to maintain complete and accurate records, to respond to inquiries and requests for information, to grant Dollarama or a designated agent of Dollarama with reasonable access to facilities, records and workers for inspection or audit purposes, and to work with Dollarama or its designated agent to resolve issues. Dollarama expects cooperation and transparency in the context of the monitoring process, whether conducted by Dollarama personnel or by a third-party auditor mandated by Dollarama.

² <https://www.dollarama.com/en-CA/corp/wp-content/uploads/2021/05/2021-Vendor-Code-of-Conduct-ENG-vF.pdf>

³ <https://www.dollarama.com/en-CA/corp/wp-content/uploads/2021/06/Dollarama-2021-ESG-Report-FINAL.pdf>

By deciding not to include freedom of association / collective bargaining in its Vendor Code of Conduct, Dollarama has ensured that it will never audit suppliers regarding their actions relating to freedom of association / collective bargaining.

Lack of Engagement

Dollarama chose not to engage with BCGEU to discuss this proposal after it was submitted. We are disappointed that Dollarama did not provide BCGEU with an opportunity to discuss this proposal and see if there was any basis for a mutual agreement.

Furthermore, we note that in its recently filed proxy circular Dollarama states that it has proactively engaged in dialogue with several major shareholders and other stakeholders, and that BCGEU's 2021 shareholder proposal stimulated discussion internally at Dollarama and with key stakeholders. For clarity, Dollarama did not engage BCGEU at all after the 2021 annual general meeting.

Further Discussion

We are available at your convenience to discuss any questions you may have about the proposal. Please contact Emma Pullman, BCGEU's Capital Stewardship Officer. Ms. Pullman can be reached via email at emma.pullman@bcgeu.ca or via phone at (778) 887-6776.

Very truly yours,



Paul Finch
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