

## **Employee Relations**

The majority of the Company's operations are unionized.

The Montreal and Vancouver collective agreements with respect to unionized employees of the Montreal and Vancouver cane refineries both expired in February 2013. New three-year labour agreements were reached with the main unit and three of the of the smaller units of the unionized employees of the Montreal refinery. In addition, a new five-year labour agreement was reached with the unionized employees of the Vancouver refinery. All agreements were signed at competitive rates. Negotiations with the remaining unit of the Montreal refinery are on-going with the intent of reaching satisfactory agreement in the near future. There can be no assurance that a new agreement will be reached with the remaining union, or that the terms of such agreement will be similar to the terms of the current agreements.

Strikes or lock-outs in future years could restrict the ability of Lantic to service its customers in the affected regions, consequently affecting the Company's revenues.

## **Food Safety and Consumer Health**

The Company is subject to risks that affect the food industry in general, including risks posed by accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. Lantic actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance.

The Company's facilities are subject to audit by federal health agencies in Canada and similar institutions outside of Canada. The Company also performs its own audits designed to ensure compliance with its internal standards, which are generally at, or higher than, regulatory agency standards in order to mitigate the risks related to food safety.

## **Environmental Matters**

The operations of Lantic are subject to environmental regulations imposed by federal, provincial and municipal governments in Canada, including those relating to the treatment and disposal of waste water and cooling water, air emissions, contamination and spills of substances. Management believes that the Company is in compliance in all material respects with environmental laws and regulations. However, these regulations have become progressively more stringent and Lantic anticipates this trend will continue, potentially resulting in the incurrence of material costs to achieve and maintain compliance. Violation of these regulations can result in fines or other penalties, which in certain circumstances can include clean-up costs. As well, liability to characterize and clean up or otherwise deal with contamination on or from properties owned, used or controlled by the Company currently or in the past can be imposed by environmental regulators or other third parties. No assurance can be given that any such liabilities will not be material.

## **Income Tax Matters**

The income of the Company must be computed and is taxed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of dividends. There can be no assurance that taxation authorities will accept the tax positions adopted by the Company including the determination of the amounts of federal and provincial income which could materially adversely affect dividends.