

Reporting Entity: ACI BRANDS INC.

Date: May 2024

Reporting Period: December 2022- November 2023

RE: 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

This report addresses the requirements put forth in the Act applicable to entities that produce and import goods into Canada. ACI Brands Inc. is a brand management company headquartered in Ontario, Canada and is a multi-divisional supplier of consumer products focused on various channels of Canadian retail. ACI Brands Inc. participates in sourcing, manufacturing, import and distribution activities for products originating worldwide.

ACT PROVISION 11 (3A) – REQUIRED SUPPLEMENTARY INFORMATION: STRUCTURE DETAILS APPLICABLE TO THE ACT

- **Leadership:**
 - Co-Presidents (2)
- **Sourcing:**
 - Vice President
 - Sourcing Team – Canada
 - Sourcing Team - China
- **Procurement & Import:**
 - Vice President
 - Purchasing Team – Canada
 - Merchandising & Ethical Standards Team – China
 - Import Team – Canada
 - Import Team – China
 - Quality Assurance Team – China
- **Warehousing & Distribution:**
 - Vice President
 - Warehouse Management Team
- **Customer Service & Reporting:**
 - Vice President
 - Customer Service Team

ACT PROVISION 11 (3A) – REQUIRED SUPPLEMENTARY INFORMATION: SUPPLY CHAIN ACTIVITIES

- Develop and/or source, import and distribute consumer products from various international markets:
 - China
 - India
 - Vietnam
 - Taiwan

- Thailand
- Cambodia
- Distribute consumer products from various international markets:
 - UK
 - China
 - Australia
 - USA

ACT PROVISION 11 (3B) – POLICIES & DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR & CHILD LABOUR

- ACI Brands Inc. “Illegal Labour Policy 2023”; publicly available at www.acibrands.com.
- Zero tolerance policy for unauthorized subcontracting; included in purchasing contracts.
- Process to Prevent Forced Labour/Child Labour in Sourcing & Manufacturing
 - Manufacturers are evaluated prior to engaging in business.
 - Factory ethical standards & good manufacturing practice audits are reviewed prior to entering into business agreements.
 - ACI Brands Inc. China employees perform unannounced visits to manufacturing locations and/or raw material suppliers. Supply chain mapping activities are actioned. Checks for unauthorized subcontracting are implemented.
 - Database of third party ethical standards audits is maintained; facility audit records are updated monthly.
 - Factories are monitored during the manufacturing process.
 - Third Party entities and/or ACI Brands Inc. QA team perform on site visits and inspections to ensure production is achieved ethically.
 - Distribution partners are requested to provide assurance of ethical supply chain practices in writing to ACI Brands Inc. and to provide copies of their policies.

ACT PROVISION 11 (3C) – PARTS OF THE SUPPLY CHAIN THAT CARRY A RISK OF FORCED OR CHILD LABOUR & THE STEPS TAKEN TO ASSESS AND MANAGE THAT RISK

- **Supply Chain Areas of Risk:** Raw material suppliers and product manufacturing facilities carry a risk of forced or child labour
- **Supplier Due Diligence:** Various assessments of suppliers are conducted to ensure they do not engage in forced or child labour. (See Act Provision 3(b) key points above).
- **Supplier Agreements:** Supplier purchasing contracts explicitly prohibit the use of forced and child labour.
- **Monitoring & Auditing:** Periodic auditing and monitoring of suppliers is actioned to ensure compliance; non-compliance would result in corrective action or termination of the business relationship. Database of documents to verify supply chain mapping is managed internally.

- **Reporting:** All employees, subcontractors, suppliers and partners are requested to report any suspected cases of forced or child labour. Reporting can be done without fear of retaliation and with confidentiality to ACI Brands Inc. by email info@acibrands.com or phone 905-829-1566.

ACT PROVISION 11 (3D) – MEASURES TAKEN TO REMEDIATE ANY FORCED OR CHILD LABOUR

- Not applicable. No forced labour or child labour has been identified in our activities and supply chains.

ACT PROVISION 11 (3E) – MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES RESULTING FROM ANY MEASURE TAKEN TO ELIMINATE FORCED LABOUR OR CHILD LABOUR IN ACTIVITIES AND SUPPLY CHAINS

- Not applicable. No loss of income to vulnerable families has been found resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains (no measures have needed to be taken).

ACT PROVISION 11 (3F) – TRAINING PROVIDED TO EMPLOYEES ON FORCED & CHILD LABOUR

- **Canada-Based Employees:**
 - In 2023, ACI Brands Inc.'s illegal labour policy was updated and published. This was added to the new employee training and on-boarding program in early 2024. This applies to all staff, regardless of position.
 - Sourcing & procurement teams are provided with additional training via third party seminars annually.
 - Select procurement employees also participate in mandatory responsible sourcing training implemented by Canadian retailers.
- **China-Based Employees:**
 - The illegal labour policy is provided to employees in China along with the confidential reporting options.
 - Employees are required to attend ethical sourcing training via third party seminar training modules.
 - Employees also participate in mandatory responsible sourcing training programs implemented by Canadian retailers.

ACT PROVISION 11 (3G) – ASSESSING EFFECTIVENESS IN ENSURING FORCED LABOUR & CHILD LABOUR ARE NOT UTILIZED IN THE SUPPLY CHAIN

- Monthly responsible sourcing audit reviews are actioned to ensure all requirements continue to be maintained.
- Random/unannounced site visits to first and second tier suppliers are actioned to ensure policies are being followed.



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May 29, 2024

To Whom it May Concern

RE: Reporting Obligation - Fighting Against Forced Labour and Child Labour in Supply Chains Act

Reporting Entity: ACI Brands Inc.
Reporting Period: December 2022-November 2023
Report Date: May 2024
Report Author: Julie Mills, Vice President-Purchasing & Procurement

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for ACI Brands Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the 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 ACI Brands Inc.

A handwritten signature in black ink, appearing to read 'John Goraieb', is written over the text of the signature line.

John Goraieb
President
ACI Brands Inc.
2616 Sheridan Garden Drive
Oakville, ON L6J 7Z2