



May 15,2024

Forced Labour Report for 511 and McNairn

This report serves as the inaugural compliance report for 511 FoodService ("511") and McNairn Packaging ("McNairn") pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

511 and McNairn are both members of the AmerCareRoyal LLC, Inc. ("ACR") family of companies. Through its family of companies, ACR provides a single stream resource for over 6,000 disposable products used in the food service, janitorial, sanitation, industrial, hospitality and medical industries. ACR was founded in 1987 its headquarters are in Exton, Pennsylvania, United States.

This is a joint report that outlines 511 and McNairn's practices and policies implemented over the calendar year ending December 31, 2023, to prevent forced and child labour within their supply chains. The statement herein received approval from the board of directors of 511 and McNairn on May 15, 2024

Who We Are: Structure, Activities and Supply Chains

511 has been proud to deliver quality disposable products to customers in the Canadian foodservice and retail businesses for over 25 years. From aprons and bouffant caps to disposable bags and takeout products, 511 supplies durable products available to suit most needs. Our executive head office and central warehouse is located in Milton, Ontario and we have a procurement office in Shenzhen, China. 511 also operates from third-party warehouses in in Calgary, and Vancouver.

McNairn, founded in 1882, manufactures a broad range of food packaging products for the food service, supermarket, bakery and food processing markets, with an emphasis on creating innovative, value-added products that help our customers succeed. Our products are supplied to our end users through leading distributors of packaging and food service products across North America and Canada. With world-class manufacturing facilities, located in Whitby, Ontario, Canada and the United States, we service our distributors and accounts across North America and Canada.

511 and McNairn source goods from local and international sources in Canada, the United States and around the world, and manufacture and distribute goods to customers. Through ACR, 511 internally manages its supply chains with an in-house team who oversees all

customs filings, and it utilizes dedicated employees overseas to assist with supplier relationships. ACR employs a staff of 25 supply chain logistics, manufacturing and product category experts, stationed in key locations throughout Asia. This sourcing and supply chain management reach across multiple geographies, creating redundancy in the supply chain that ensures continuity of supply. ACR's business serves various sales channel, including Distribution, National Accounts, and Strategic Accounts.

McNairn is integrating with ACR for the management of its supply chain and for its policies and procedures in respect of sourcing and procurement. In the previous financial year, McNairn maintained its own supplier approval programs and relevant policies.

How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour

511 and McNairn comply with all laws prohibiting the use of forced or involuntary labour, including any use of physical punishment, abuse, or involuntary servitude or the use of labour under threat of harm. We are absolutely opposed to all forms of slavery and human trafficking. We will not purchase material or services from a supplier using forced or involuntary labour. 511 and McNairn also comply with all laws governing the use of child labour (including, without limitation, the engagement of children in hazardous work).

511 and McNairn are committed to ensuring that forced labour and child labour are not used in its supply chains and is committed to sourcing materials from reputable suppliers who comply with labour laws and regulations.

ACR's policies and procedures, including its Supplier Manual, apply to 511. This Supplier Manual underscores the companies' commitment to assess and manage the risk of forced labour and child labour in its supply chains. ACR policies and procedures will also apply to McNairn in the coming year. During the prior financial year, McNairn's own supplier policies and procedures applied, including its Supplier Approval Program and specific sourcing policies for Sustainable Forestry Initiative ("SFI") suppliers and for suppliers failing within the Programme for the Endorsement of Forest Certification ("PEFC").

1. Our Policies

ACR maintains policies that describe its approach to the identification of forced labour and child labour risks and the steps taken to prevent forced labour and child labour in our operations. In particular, ACR's Supplier Manual, including policies and standards contained therein, reinforce the commitment to fighting forced labour and child labour in the supply chain. Through this Supplier Manual, we require our suppliers to comply with all applicable laws and not to engage in or support the use of child labour or forced or involuntary labour.

ACR values and recognizes the safety and health of its employees as well as that of our suppliers. We place the highest importance on our own ethical sourcing program with the goal to improve the lives of all of those contributing within our supply chain.

ACR requires that all products sourced from our suppliers (and third-party suppliers) are manufactured in agreement with the wage and hour laws of the country of manufacturing. We expect that our suppliers also will not utilize any facility or organization that does not adhere to these laws and regulations.

All ACR and supplier locations will employ workers of minimum legal age in accordance with local, provincial, state, and federal laws/regulations as applicable to their respective countries. Suppliers will not practice the use of forced or indentured labour. All employment must be voluntary.

The Supplier Manual reiterates ACR's expectation that suppliers will maintain documentation and proof that they comply with its policies, including in respect of forced labour and child labour. ACR reserves the right to inspect and audit facilities and associated records to ensure these standards are met.

ACR further maintains a specific policy in respect of the Xinjiang region of China. The policy highlights that ACR does not do business in Xinjiang or with entities linked to forced labour practices in Xinjiang, and ACR Suppliers should not be operating in Xinjiang, linked to Xinjiang (e.g., through the pairing program or Xinjiang supply chain inputs), or utilize Uyghur and other Muslim minority labourers from Xinjiang.

The Company's employees, officers and directors, as well as any third parties – including, but not limited to, agents, joint venture partners, consortiums, consultants, brokers, vendors, lobbyists, intermediaries, contractors, distributors, suppliers – and other similar individuals or entities over which the Company has control, are strictly prohibited from engaging in forced labour practices.

In accordance with its Uyghur Forced Labor Prevention Policy, ACR suppliers will be asked to provide the following information to confirm compliance:

- Due diligence system information
- Supply chain tracing information
- Information on supply chain management measures
- Evidence goods were not mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur autonomous region
- Evidence goods originating in China were not mined, produced, or manufactured wholly or in part by forced labour

McNairn imposes specific requirements on certain suppliers through its SFI and PEFC sourcing policies. These policies require relevant suppliers to declare that they do not associate with any organization that is involved in, among other things, human rights violations in forestry operations or any violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

2. Our Due Diligence Processes

511 mandates that all suppliers adhere strictly to relevant laws and our internal policies that explicitly forbid child labour, forced labour, or any form of involuntary labour. It is imperative that our partners affirm their compliance, ensuring they and their affiliates are not involved in trafficking-related activities. They must also demonstrate proactive measures in addressing and reporting any incidents related to such practices. The Supplier Manual confirms that any unsafe working conditions, including at supplier locations, must be reported to the ACR management team. McNairn is also incorporating these ACR policies and in the prior financial year applied its own policies and procedures, including those relating to SFI and PEFC sourcing.

3. Employee Training on Forced Labour and Child Labour

Through ACR, 511 imposes strict requirements on their suppliers, including a requirement to have a regulatory compliance program in place to meet all legal requirements for their manufacturing locations. In addition, suppliers should work cooperatively with ACR, by providing information regarding products and manufacturing processes that would enable ACR to comply with applicable United States, Canadian, and international legal requirements applicable to its operations and distribution of products.

ACR suppliers must also have written corporate compliance policies that, to the extent applicable, meet internationally recognized standards, as well as designated, trained personnel to manage inspections by regulatory agencies. McNairn has maintained a strict Supplier Approval Program to ensure that suppliers meet its requirements in respect of quality and safety, which program did not impose specific requirements in respect of forced labour and child labour. McNairn is transitioning to ACR's policies and procedures. ACR itself does not currently conduct training on human trafficking and modern slavery to company employees; ACR is considering developing such training in the future.

4. How We Monitor Ourselves and Our Suppliers

As outlined in our Supplier Manual, we expect that suppliers will collaborate with us on developing and executing corrective action plans upon identifying any credible risk of deviation from the standards outlined in our Supplier Manual. Such deviations could emerge through various channels, including supplier self-assessments, on-site evaluations conducted by appointed third-party auditors, inconsistencies detected in goods received at ACR facilities, or through any other observation methods employed in the regular oversight of production processes.

We Are Aware of Risks of Forced Labour or Child Labour in Our Global Supply Chain

In our commitment to integrity and transparency, we acknowledge the inherent risks of forced labour within global supply chains, including the challenges posed by limited visibility into upstream suppliers and the complexities of sourcing from regions such as Xinjiang. We recognize that such areas are of particular concern due to reported human rights violations, including forced labour and modern slavery. We are also aware of reported instances of

forced labour in the supply chain for Personal Protective Equipment (PPE), including nitril gloves. ACR is dedicated to conducting rigorous due diligence and fostering open, ethical partnerships to mitigate these risks. We are working to enhance our supply chain transparency and ensure compliance with our stringent standards against forced labour, reflecting our commitment to ethical business practices and human rights.

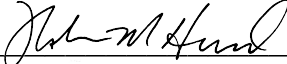
Mitigation of Forced Labour or Child Labour in our Supply Chains

As of December 31, 2023, 511 and McNairn have not faced situations of forced labour or child labour and have therefore not had to remedy and rectify such situations.

Attestation

This report is for 511 and McNairn and has been approved by each entity's governing body pursuant to subparagraph 11(4)(b)(i) of the Act.

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 the entity or entities listed above. 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

By:  _____
Name: Robert M Hund
Title: Director

I have the authority to bind 511 FoodService.

By:  _____
Name: Robert M Hund
Title: Director

I have the authority to bind McNairn Packaging.