

Statement on Fighting Against Forced Labour and Child Labour

Introduction

Chiro Foods Limited o/a A&W is a Franchisee in one of Canada's leading brands in the quick service restaurant industry, A&W Food Services of Canada (herein after referred to as A&W Food Services). The A&W mission is to excite Canada's most avid burger lovers. Chiro Foods follows our Franchisor's leadership and is committed to building safe and ethical environments in our communities and earning our guests' trust by being transparent and doing what's right.

Chiro Foods was established in 1984 and is a locally owned and operated business. Together with our franchise partners, we operate A&W restaurants in Edmonton, St. Albert, Sherwood Park and Devon, Alberta. Through the past 40 years, we have established strong roots in our local communities. We pride ourselves on Doing What's Right for the people in our communities, with our local business relationships and how we treat our people.

A&W Food Services maintains supply chains that stretch internationally, and is an industry leader in terms of quality, food safety, animal welfare, environment, how we treat our people, and in Doing What's Right.

A&W Food Services has a brand wide Doing What's Right Strategy supported by 5 pillars that we follow and practice:

This report for Chiro Foods Limited has been prepared in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This report is based on the financial year ending on December 31, 2023.

Environment

We are leaders in environmental responsibility focused on achieving zero waste.

Community

We contribute to building strong communities where people help each other.

Our People

We will do the right thing for our people.

Our Food

We believe in changing how we eat... for good.

Animal Welfare

We look for better and better ways to care for the animals that feed us.

Modern slavery, encompassing forced labor and child labor, as well as human trafficking, contradicts our values at Chiro Foods. We aim to work with suppliers, subcontractors, and trades that share similar values and goals. We unequivocally oppose slavery and human trafficking within our organization, as well as within the operations of our suppliers and subcontractors. Upholding the highest standards, we expect Chiro Foods and our A&W employees, contract workers, and supply partners to demonstrate integrity and adhere to the laws, regulations, and rules in all operating jurisdictions. Instances failing to meet these expectations will be thoroughly reviewed and addressed.

Chiro Foods Corporate Structure and Activities

Corporate Structure

Chiro Foods is located in Edmonton, Alberta. Locally owned and operated we are a multi-unit Franchisee of A&W Food Services.

Chiro Foods has 2 corporate A&W restaurants that we operate, one location in St. Albert and one in Edmonton. We have 32 additional A&W restaurants that we co-operate with an invested partner each business, located in Edmonton, St. Albert, Sherwood Park and Devon, Alberta. Chiro Foods has 50 employees in our 2 corporate locations and our office. This does not include the employees in the 32 locations that we co-operate that are independently hired by the restaurants franchisees.

Chiro Foods operates A&W restaurants consisting of freestanding restaurants with drive-thru facilities, restaurants in shopping centres, restaurants in a gas / convenience. The A&W shopping centre restaurants are located in the food courts of shopping centres, and a university campus.

A&W Supply Chain

A&W Food Services as our Franchisor, sources products including but not limited to food, beverage, packaging, cleaning supplies, equipment, furniture, technology hardware, smallwares, signage, uniforms, and branded merchandise. In many cases, these goods are A&W branded and mandatory for purchase by A&W restaurant operators. A&W supplies these goods to its restaurants either directly from the supplier or through distribution centres across Canada. In other cases, such as the supply of construction materials and fixtures, A&W will specify a product for operators to source directly.

In most cases, the manufacturing and production of A&W's direct suppliers is carried out in North America, however, we also source goods from Australia, New Zealand, China, Greece, Sri Lanka, Spain, France, Ecuador, Poland, and the United Kingdom.

Activities

Chiro Foods operates as A&W, one of Canada's leading brands for quick service restaurants. The A&W product line includes hamburgers (The Burger Family®), chicken products, russet thick-cut fries, sweet potato fries, A&W Root Beer®, fresh hand-cut onion rings, breakfast items, soft drinks, coffee as well as a variety of frozen and espresso-based beverages that are offered through the A&W Brew Bar®.

A&W Food Services Policies and Due Diligence Processes

In 2023, A&W Food Services undertook mapping activities which included a supply chain mapping and risk assessment process to identify areas of risk in our supply chain related to products that we were the importer of record for. A&W also developed a Supplier Code of Conduct, the intention of which is to specifically address the risk of forced and child labour in our supply chain.

The supply chain mapping exercise included identifying Tier 1 suppliers, the product's country of manufacture, and ingredient's country of origin and any social supply chain measures our Tier 1 suppliers had in place.

'Supplier risk', 'Product risk' and 'Firm risk' were assessed for each supplier and product and a risk rating developed for each product we were importer of record for. 'Product risk' is assigned using the U.S. Department of Labor's Bureau of International Labor Affairs (ILAB) 2022 List of Goods Produced by Child Labor or Forced Labor. Firm risk is calculated by aggregating 'Product risk' and 'Supplier risk'. Suppliers are assigned a Firm risk of 'High', 'Medium', or 'Low'. A product risk assessment has been completed for all products for which we are importer of record, which forms the initial basis of our prioritization work to ensure due diligence efforts are focused on the areas of the greatest risks of forced and child labour

Some of our suppliers have also implemented their own Supply Chain Code of Conduct, which includes Anti-Slavery and Child Labour policies relating specifically for those products we purchase or specify.

A&W has a robust food safety and animal welfare program (the "A&W Program"). The A&W Program includes the following components:

1. Supplier partnerships

Long-term supplier partnerships based on established trust and supported by Purchasing & Distribution Policy. We maintain close contact with a majority of our suppliers and monitor those relationships to ensure our suppliers act consistent with our shared values and desire to do what's right with our supply chain. In 2023, A&W commenced the process of engaging with supply chain partners on the issue of addressing forced labour and/or child labour, and it is expected that this work will continue to expand and improve in 2024 and beyond.

2. Documentation and Data Management

Supplier information including Food Safety Certification, audit results, recall policies etc. Product information including packaging and ingredients are all maintained up to date in a software platform.

3. Recall and Withdrawal

Robust and comprehensive recall and withdrawal system.

4. Audit Program

Suppliers are audited for Good Management Practices (Food Safety) and Animal Welfare by a third-party auditing firm based on risk. In addition, all restaurants are audited for food safety at least twice per year.

A&W also has a Whistle Blower corporate policy. This policy articulates the corporation's commitment to observe high standards of business and personal ethics in all its dealings, a responsibility that extends to all members of the Board of Directors, as well as all officers and employees. A&W employees are required to confirm their understanding and compliance with A&W's policies, including the Whistle Blower policy, on an annual basis. The corporation's Board of Directors have overall responsibility to ensure that financial and business affairs are conducted in a legal and ethical manner.

In 2024, A&W intends to develop an action plan to expand the scope of its policies and practices designed to prevent and reduce the risk of forced labour or child labour in A&W's supply chain. It is expected that action plan will include more extensive supplier attestations confirming the diligence they undertake to ensure no forced labour or child labour is used in their sourcing and production of goods, contractual commitments to protect against the risk of such activities, and monitoring practices to ensure compliance. A&W is committed to continuous improvement to ensure the human rights of those who participate in our supply chain are protected.

Potential Risks in A&W Food Services of Canada Activities and Supply Chain

In 2023, we identified Uniforms and Stuffed Animals as high risk due to the sector (textiles) and the country of manufacture (China). We confirmed that both suppliers have social certifications for the factories that manufacture our products and we obtained copies of these certificates.

Other areas of A&W's supply chain that carry an inherent risk of forced labour and child labour due to the sector and/or country of origin include:

- Baked Goods
- RTE Frozen Food
- Protein
- Spices & Condiments
- Produce
- Electronics/ Technology
- Sugar
- Palm Oil
- Tea
- Paper/ Timber
- Construction materials

A&W's monitoring activities uncovered that two of their food suppliers were impacted in forced labour investigations associated with subcontractors of theirs in 2023. We held meetings with the suppliers and reviewed their policies and plans for additional oversight. Both confirmed that they had terminated relationships with the subcontractors in question and were planning to introduce new social compliance requirements in their supply chains. We will meet with them again in 2024 to review and assess progress.

Training

In 2023, training at A&W Food Services came in the form of awareness- raising activities. All Purchasing Managers, Directors and Vice President of the Purchasing & Distribution department as well as our Food Safety Team including Manager, Supply Chain Food Safety & Quality Assurance and Vice President, Food Safety, Animal Welfare and Environment were provided with an overview of the new legislation, and education to understand what activities are indicators of forced labour and child labour. Legal and industry experts were consulted in 2023 to improve our baseline knowledge and understanding of this topic generally, so that we can continue to improve the scope and effectiveness of our practices going forward. Several key supplier and distribution partners were engaged to understand their level of awareness and discuss their plans for working towards full compliance.

Assessment of Effectiveness & Remediation Measures

A&W regularly assesses the efficacy of its food safety and animal welfare auditing program to ensure it remains up-to-date and aligned with business operations, regulatory changes, industry norms, and best practices.

In instances where corrective actions are necessary as a result of a food safety or animal welfare audit, or any other issues that may arise in the supplier relationship or business activities, we engage in discussions with the supplier and diligently monitor the progress until resolution. As our program related to eliminating child labour and forced labour in supply chains develops, we will apply the same principles and approaches. With the exception of the two suppliers mentioned above, which were investigated and acted upon, we are not currently aware of any evidence of modern slavery, including forced labor or child labor, nor have we identified any loss of income to vulnerable families in 2023. Consequently, no remedial actions have been deemed necessary in this regard beyond those described above which were judged to be effective.

Conclusion

Chiro Foods Limited is dedicated to preventing forced labour and child labour within our operations, using approved supply chains and vendors by our Franchisor. We will continue to review our processes to identify opportunities for further strengthening efforts against forced labour and child labour.

Attestation

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.

Nathalie Lacroix

[Nathalie Lacroix \(May 13, 2024 20:21 MDT\)](#)

Nathalie Lacroix

President and Director

May 13th, 2024

I have the authority to bind Chiro Foods Limited

This Report was approved by the Board of Directors of Chiro Foods Limited on May 13th, 2024

chiro foods limited

RESTAURANT OPERATIONS PROFESSIONALS SINCE 1984