



## **Annual Report - Forced Labour in Canadian Supply Chains**

### **Reporting Entity's Legal Name and Business Numbers**

- FMI Atlantic Inc. - 80829 2718
- FMI National Inc. - 86016 8186
- Golden Goose Holdings Inc. - 77288 4201
- FraserCan Holdings Inc. - 79597 8469

### **Financial Reporting Year**

- 2023

### **Identification of a Joint Report**

A joint report is being filed for the following entities:

- FMI Atlantic Inc.
- FMI National Inc.
- Golden Goose Holdings Inc.
- FraserCan Holdings Inc.

### **Identification of Reporting Obligations in Other Jurisdictions**

- Not applicable - no other reporting obligations.

### **Entity Categorization According to the Act**

#### **FMI Atlantic Inc.**

- Has the following Canadian business presence:
  - Has a place of business in Canada
  - Does business in Canada
  - Has assets in Canada
- Meets the following size-related thresholds:
  - Has at least \$20 million in assets for at least one of its two most recent financial years
  - Has generated at least \$40 million in revenue for at least one of its two most recent financial years
  - Employs an average of at least 250 employees for at least one of its two most recent financial years



### **FMI National Inc.**

- Has the following Canadian business presence:
  - Has a place of business in Canada
  - Does business in Canada
  - Has assets in Canada
- Meets the following size-related thresholds:
  - Has at least \$20 million in assets for at least one of its two most recent financial years
  - Has generated at least \$40 million in revenue for at least one of its two most recent financial years
  - Employs an average of at least 250 employees for at least one of its two most recent financial years

### **Golden Goose Holdings Inc.**

- Has the following Canadian business presence:
  - Has a place of business in Canada
  - Does business in Canada
  - Has assets in Canada

### **FraserCan Holdings Inc.**

- Has the following Canadian business presence:
  - Has a place of business in Canada
  - Does business in Canada
  - Has assets in Canada



Sector/Industry

- Accommodation and food services

Location

- New Brunswick, Canada

Description of the Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour (as per subsection 11(1))

Information is not available for this reporting period for the legal entities listed above.

However, UPGC Inc. (“UPGC”), our supply chain partner, did implement the following steps to prevent and reduce the risk that forced labour or child labour was used at any step of goods imported into Canada:

- Conducted an internal assessment of risks of forced labour and/or child labour in UPGC’s activities and supply chains.
- Developed and implemented due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in UPGC’s activities and supply chains.
- Required suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains.
- Developed and implemented anti-forced labour and/or -child labour contractual clauses.
- Developed and implemented anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists.
- Developed and implemented training and awareness materials on forced labour and/or child labour.

UPGC was incorporated in Canada as a not-for-profit organization to manage procurement and supply chain on behalf of its shareholders, the franchisees of YUM! brands (KFC, Pizza Hut and Taco Bell). YUM! brands operate under the following companies: Kentucky Fried Chicken Canada Company, PH Canada Company and TB Canada Company (together, defined as “YUM!”). UPGC conducts sourcing and purchasing negotiations for food, drinks, packaging, and other items. UPGC also negotiates master supply agreements and distribution arrangements.

Although UPGC manages the relationships with suppliers, UPGC works closely with YUM!. As the franchisor, YUM! owns the specifications of the products that UPGC procures, which in turn are purchased by YUM! franchisees. YUM! is also responsible for approving suppliers’ facilities.



UPGC engages in risk assessments of the supplier partners, which involves UPGC team members having ongoing conversations with supply partners and following internal risk assessment protocols. UPGC requires supplier partners to sign its code of conduct, which includes supplier acknowledgment that the supplier must follow applicable laws and further stipulate that the supplier shall not allow child labour or forced labour. UPGC's current master purchase template includes a clause that prohibits child labour and forced labour.

In addition to the steps undertaken by UPGC, YUM! outlined the following in their YUM! Brands 2022 Global Citizenship & Sustainability Report:

### ***Supply Chain Responsibility & Human Rights***

*We view our suppliers as key stakeholders within our wider system. At a minimum, suppliers are required to abide by all applicable laws, codes or regulations and to conform their practices to the published standards for their industry.*

*Following our Supplier Code of Conduct is mandatory for all suppliers seeking to work with Yum! Brands. It clearly articulates our expectations of compliance with operational standards, ethics and human rights. In addition, we have commitments in areas with elevated risk, including palm oil through our membership to the RSPO and fresh produce as part of the U.S. Fair Food Standards Council.*

*Our suppliers have always been subject to assessments, audits and inspections to verify compliance with critical aspects of our Supplier Code of Conduct and the terms of their contract. Where corrective action is required, we collaborate with suppliers to address areas of concern and effect real change, but reserve our right of termination. During 2022, we increased the transparency in this area by publishing a Responsible Sourcing infographic that discloses key challenges identified in our supply chain and the steps we took to remediate.*

*While responding to identified issues is important, we are committed to building a more proactive response to managing ethical risks within our supply chain. Yum! has a global membership with Sedex, one of the world's leading ethical trade membership organizations that works with businesses to create more responsible and sustainable business practices. Sedex leverages the Ethical Trading Initiative Base Code to assess risk at each supplier site, across four main areas—labor standards, health and safety, business ethics and environment. It uses a combination of industry and country-related risk factors, self-assessments and third-party, ethical audits to determine both potential and actual exposure. Gaining this additional visibility further strengthens our existing supply chain auditing capabilities, adding increased focus on human rights and labor practices, within responsible sourcing more broadly.*



*To date, the KFC U.K. & Ireland, KFC Western Europe and KFC South Pacific markets continue to lead the way in their use of Sedex and its related risk management tools. Having undergone a rigorous supplier onboarding process over several years, these markets are now using data to identify responsible sourcing risks and responses as part of standard business operations. We are using insights from these markets to further develop a plan to drive system wide adoption. We are also creating a Responsible Sourcing playbook and a Sedex Implementation playbook. In the interim, we continue to have ongoing dialogue with markets regarding the onboarding process.*

*Our focus remains on core direct food suppliers in higher-risk markets where we believe we can have the most impact, as informed by our inherent risk assessment. This assessment, across approximately 6,000 supplier sites, indicated potential areas of concern in developing geographies and within the manufacturing and agriculture, forestry and fishing industries, specifically meat packing and processing, palm oil and hand-picked produce.*

*For supply chains across the world, general awareness of human rights issues, including modern slavery, child labor and the rights of migrant workers, continues to rise. Yum! and our franchisees have the opportunity to make a positive impact on these issues, particularly through collaboration with suppliers. Our brands are working to improve their own due diligence processes and build awareness—with the Australian and U.K. markets leading in the development of dedicated training materials. Using benchmarking feedback and review of the latest guidelines, we have also updated our Global Human Rights & Labor Practices Policy. The updated policy reflects the clarified role of the Board in addressing human rights concerns, documents our understanding of inherent risks within our value chain and includes stronger language around our commitments.*



## Structure, Activities, and Supply Chains

Legal structure - Corporation

Number of employees:

- FMI Atlantic Inc. - 2524
- FMI National Inc. - 1535
- Golden Goose Holdings Inc. - N/A
- FraserCan Holdings Inc. - N/A

The four entities that fall within this Joint Report include two holding companies (FraserCan Holdings Inc. and Golden Goose Holdings Inc.), FMI National Inc., and FMI Atlantic Inc. FMI National Inc. operates several Pizza Hut restaurants and its assets are directly associated with being a franchisee for PH Canada Company; FMI Atlantic Inc. operates several KFC restaurants and its assets are directly associated with being a franchisee for Kentucky Fried Chicken Canada Company.

FMI National Inc. and FMI Atlantic Inc. engage in food service activities, broadly described as the preparation and sale of food. The procurement process and supply chain used by FMI National Inc. and FMI Atlantic Inc. (and other franchisees) to purchase goods is managed by UPGC on behalf of its shareholders, the franchisees of YUM! brands (KFC, Pizza Hut and Taco Bell).

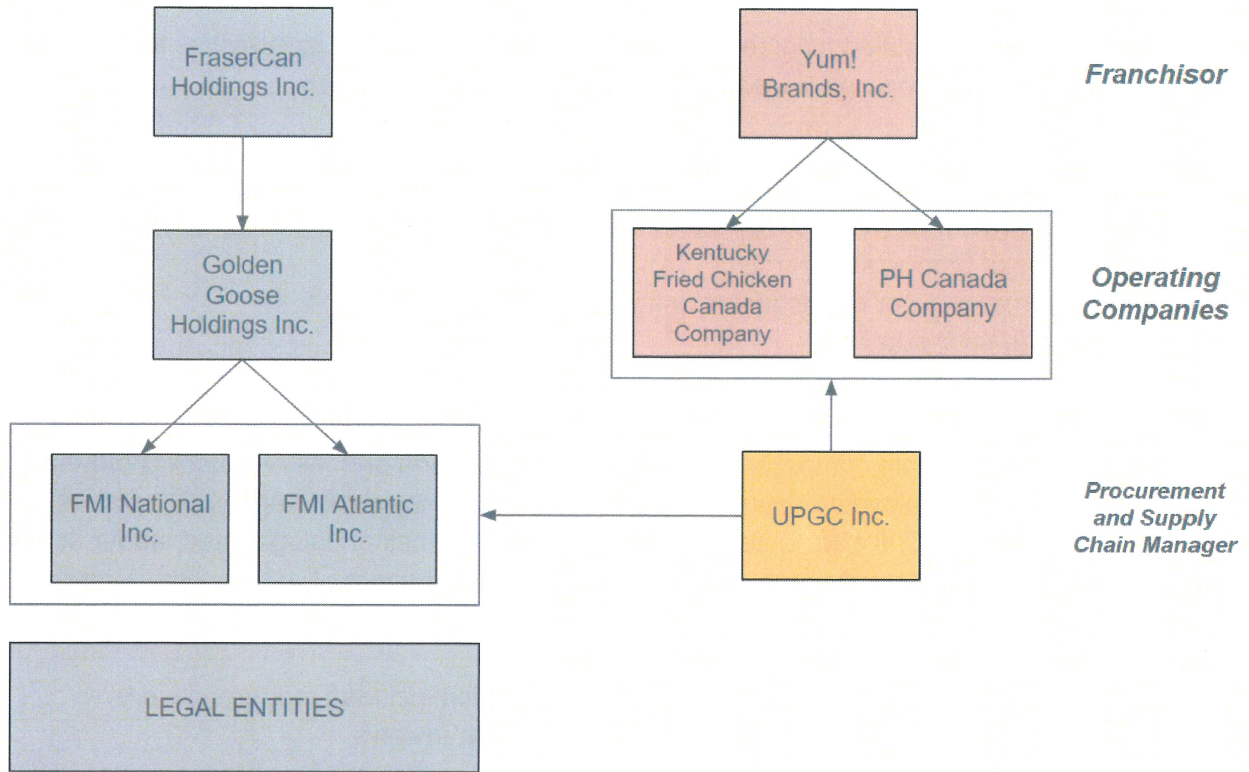
Although UPGC, as our supply chain partner, sources products globally, most of our supply partners are in the US and Canada, both countries which have stringent employment laws, including prohibition on child and forced labour.

UPGC arranges with a national distribution company to distribute the goods that are purchased by the YUM! franchisees and that distribution company is responsible for importing goods into Canada.

In summary, neither FMI National Inc. nor FMI Atlantic Inc. import goods into Canada. The import process is managed by UPGC and goods are purchased from a distribution company.



The following diagram is designed to illustrate how UPGC acts as procurement and supply chain link between the four entities within the scope of this Joint Report and the franchisor, Yum! Brands, Inc.:



### Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

The entities do not currently have in place policies or due diligence processes in relation to forced labour and child labour.

However, UPGC has engaged in a process to identify and assess adverse impacts in operations, supply chains, and business relationships.

Furthermore, UPGC requires its supply partners to sign UPGC's code of conduct and accordingly, adhere to this code. This code prohibits forced labour and child labour. UPGC also has a new supplier process and process for annual business review of suppliers. Both processes include discussions with suppliers to assess the risk of forced labour and child labour.



### Parts of our Business and Supply Chains that Carry a Risk of Forced Labour or Child Labour being used and the Steps we have taken to Assess and Manage that Risk

The entities have not yet started the process of identifying parts of our activities that carry a risk of forced labour or child labour being used.

However, UPGC has identified risks related to the following aspects of its activities and supply chains in the manufacturing and transportation and warehousing sectors:

- The sector or industry it operates in
- The types of products it produces, purchases or distributes
- The locations of its activities, operations or factories
- The types of products it sources
- The raw materials or commodities used in its supply chains
- Tier one (direct) suppliers

UPGC works with reputable companies, mostly based in Canada and the US, both countries which have stringent employment laws. Through its risk assessments of supply partners (at least once a year), UPGC is able to assess if the supplier is at risk of using forced labour or child labour. UPGC is not aware, nor anticipates, any supply partners at risk of using forced labour or child labour.

UPGC has regular discussions with its supply partners, which includes modern slavery prevention as a standing item agenda in its annual business reviews.

UPGC recognizes that when assessing the risk of modern slavery, UPGC is relying on its own due diligence and information shared by the supply partners. UPGC further recognizes that ensuring that subcontractors of the supply partners will adhere to UPGC's code of conduct to prevent modern slavery would be difficult to enforce. UPGC will explore ways to improve its methods of conducting its risk assessment and due diligence.

### Measures taken to Remediate any Forced Labour or Child Labour

The entities have not taken any remediation measures to date.

Furthermore, UPGC has not yet identified any forced labour or child labour in its activities and supply chains.





Measures taken to Remediate the Loss of Income to the Most Vulnerable Families that Results from any Measure taken to Eliminate the use of Forced Labour or Child Labour in its Activities and Supply Chains

The entities have not taken any remediation measures to date.

Furthermore, UPGC has not yet identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

Training Provided to Employees on Forced Labour or Child Labour

The entities do not currently provide training to employees of forced labour and/or child labour.

However, UPGC has mandatory training for employees making contracting or purchasing decisions. Mitigation and prevention of the risk of child labour and forced labour is an ongoing journey. UPGC currently provides training to its procurement and supply chain teams and UPGC plans on expanding the depth of its training on forced labour and child labour.

How the Entity Assesses its Effectiveness in Ensuring that Forced Labour or Child Labour are not being used in its Business and Supply Chains

At this stage, it is premature for the entities to be assessing effectiveness.

However, it is worth noting that UPGC has plans to set up a regular review or audit of its policies and procedures related to forced labour and child labour.

List of Resources

Yum! Brands 2022 Global Citizenship & Sustainability Report -

[https://www.yum.com/wps/wcm/connect/yumbrands/7792058c-7cd6-4819-b0d0-eee4ffbf1aeb/YSR-30018+R4G+2023+Report\\_102523.pdf?MOD=AJPERES&CVID=oPUWNC5](https://www.yum.com/wps/wcm/connect/yumbrands/7792058c-7cd6-4819-b0d0-eee4ffbf1aeb/YSR-30018+R4G+2023+Report_102523.pdf?MOD=AJPERES&CVID=oPUWNC5)

[2021 Yum! Supplier Engagement & Due Diligence Highlights](#)



Approval and 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."

I, DWIGHT FRASER, have the authority to bind FraserCan Holdings Inc., Golden Goose Holdings Inc., FMI National Inc., and FMI Atlantic Inc.

A handwritten signature in black ink, appearing to read "Dwight Fraser", is written over a horizontal line.

Signature

FOUNDING PARTNER

Title

MAY 24, 2024

Date