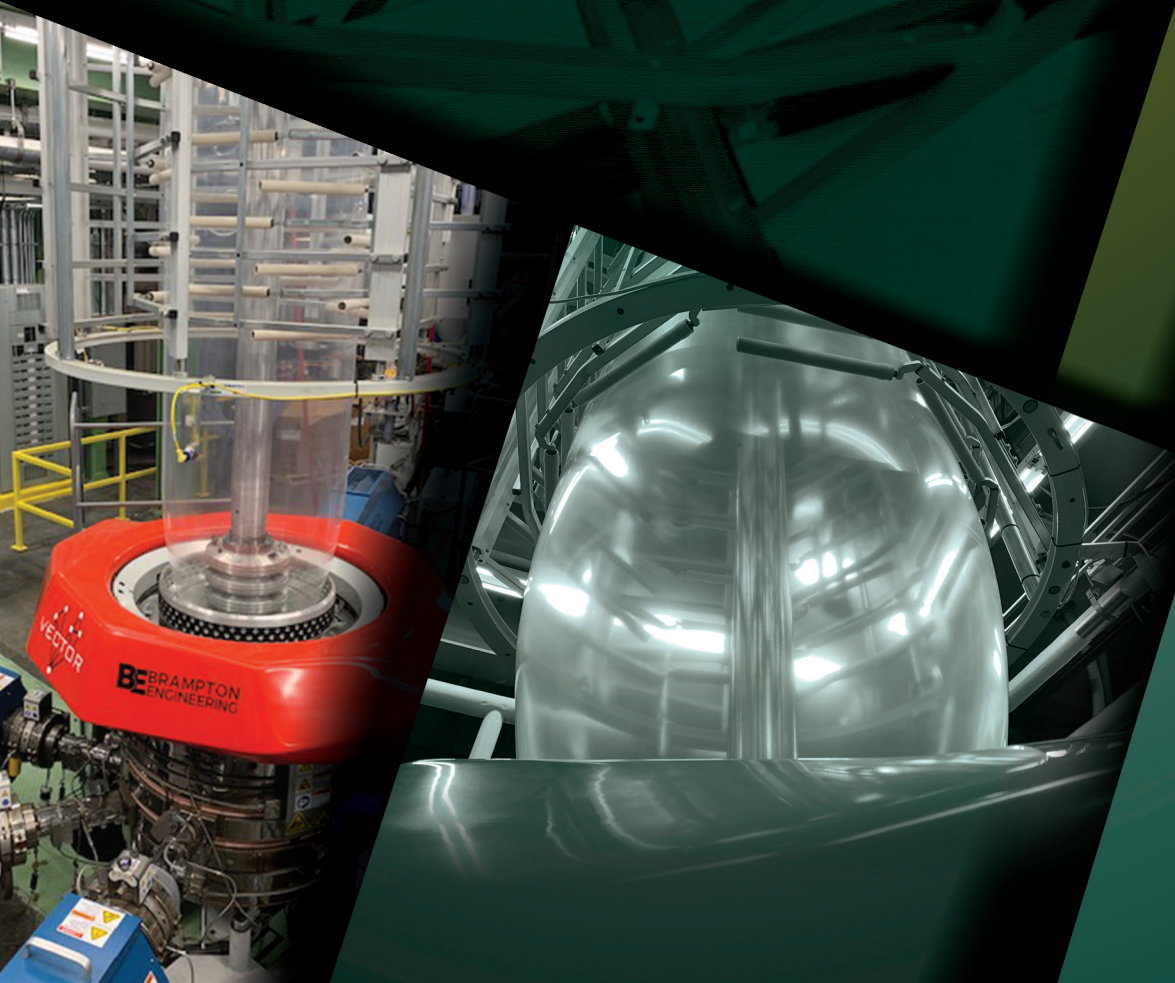


IMAFLEX INC.

Fighting Against
Forced Labour and Child Labour
in the Supply Chain



2023



Fighting Against Forced Labour and Child Labour in the Supply Chain

Imaflex Inc.

Identifying Information:

1. Designation Report prepared for a single ENTITY.
2. Legal name: Imaflex Inc.
3. Reporting Year: January 1, 2023 to December 31, 2023
4. Version This is the FIRST version of the report being submitted
5. Business number: 12011 7155
6. Joint Report This is NOT a joint report with another entity
7. Reporting Requirements Imaflex is not subject to reporting requirements under supply chain legislation in another jurisdiction
8. Categorization
 - Imaflex Inc. (the Parent Company) is publicly traded on the Toronto Stock Exchange - Venture (TSX-V) under the ticker symbol "IFX."
 - Canadian Business Presence: Imaflex has places of business in Canada, does business in Canada and has assets in Canada
 - The Canadian operations meet two of the three size related thresholds:
 - Has at least \$20 million in assets
 - Has generated at least \$40 million in revenue
 - It does not meet the employee threshold as it has employed less than an average of 250 employees over the two most recent financial years.
 - The Company's U.S.A. subsidiary does not meet the reporting threshold required to qualify under the Act and as such this report does not address Imaflex U.S.A, although references to it may be made to give the reader a better understanding of the overall business.
9. Sectors of operation Imaflex operates in the manufacturing sector
10. Headquarters: 5710 Rue Notre Dame West, Montréal, Québec, Canada, H4C 1V2. Country of Company registration is Canada
- 10.1 Province Imaflex has all its Canadian operations in the province of Québec

Fighting Against Forced Labour and Child Labour in the Supply Chain

2023 Annual Report

This is Imaflex's first Annual Report on compliance with Canada's new Act Fighting Against Forced Labour and Child Labour in Supply Chains (the "Act"). Addressing each legal reporting requirement under the Act, the report underscores our commitment to upholding ethical sourcing practices and preventing forced labour and child labour throughout our supply chain.

A. Steps Taken in 2023 to Prevent and Reduce Forced Labour and/or Child Labour

In 2023, Imaflex took the following steps to prevent and reduce the risk of forced labour and child labour:

- **Conducted internal risk assessment:** We conducted an initial assessment of risks of forced labour and/or child labour in the organization's activities and supply chains. This assessment identified areas where such practices could potentially occur and helped us establish priorities for our ongoing efforts to prevent and address them.
- **Mapped activities and supply chains:** We also mapped our activities and supply chains. This mapping exercise provided a clearer picture of our suppliers, and others involved in the production process.
- **Increased focus on placement agencies:** Recognizing the challenges in ensuring ethical labour practices through placement agencies, we maintained our collaboration efforts. As always, we require these suppliers to comply with relevant Canadian labour laws regarding minimum age for employment, work permits, and any other applicable regulations.
- **Maintained vigilance in raw material sourcing:** We source resins and additives from established North American companies with minimal risk related to the Act. Many of our key suppliers also have anti-slavery policies firmly in place. This said, we acknowledge the importance of ongoing monitoring and in 2023 we remained vigilant, ensuring their alignment with our sourcing standards. This includes those respecting labour, the environment, food and drug regulations and other.

Committed to continuous improvement: Although, Imaflex considers its exposure to forced labour and child labour risks in the supply chain to be negligible, it remains dedicated to strengthening its safeguards. As such, in 2024 we will enhance our methods to monitor and verify compliance with our ethical sourcing standards to further ensure they align with requirements of the Act.

B. Business Overview, Structure, Activities, and Supply Chain

Business Overview

Founded in 1994, IMAFLEX is focused on the development and manufacturing of innovative solutions, mainly for the flexible packaging and agriculture markets in Canada and the USA.

The Company's flexible packaging products are largely used to protect and preserve and consist primarily of polyethylene films and bags, as well as metalized films. Films are mainly sold to printers, known as "converters", who process the film into a finished product to meet their end-customer needs, primarily in the food industry (packaging for bread, frozen foods, pet foods, fruit, vegetables). In the non-food related segments, Imaflex's films are formulated to service the needs of a variety of

Business Overview - Continued

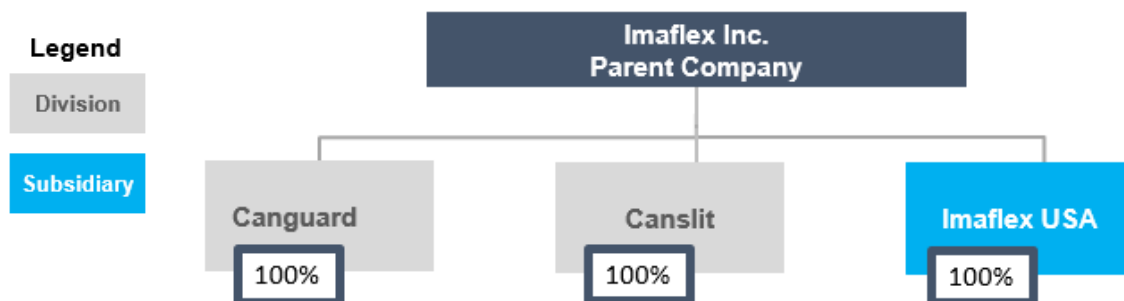
industries, including consumer goods (security bags, courier bags), industrial (garbage bags, tire bags) and many others.

The Company’s agricultural films are finished products, predominantly sold directly to end-users. They are available in a variety of formats and include both metalized and non-metalized films, including common mulch and barrier films, as well as innovative pesticide free metalized crop protection films, that add pest/weed control and/or accelerated growth benefits beyond those provided by our common mulch films. A product summary follows:

	Flexible Packaging Segment		Agricultural Films Segment		
	Films for Converters	Converted Bags & Films	Mulch & Barrier	Compostable	Metalized Films
Revenue					
Description	<ul style="list-style-type: none"> ■ Polyethylene (“PE”) film sold to converters who process film into finished products ■ Used primarily for the food industry (frozen foods, pet foods, meats, dairy, fruit and vegetables) ■ Compostable films 	<ul style="list-style-type: none"> ■ USA: Integrated converting operations (USA): film, printing, converting ■ USA: Converted products primarily for food, lawn & garden and construction industries ■ Canada: Industrial products e.g., bags on rolls, gaylord bags and garbage bags 	<ul style="list-style-type: none"> ■ Can Grow: weed control, increase water retention, reduce soil erosion. Permits: increased and earlier harvests, higher quality produce ■ Can-Block: Barrier films for pre-plant soil fumigation. Reduces: Nuisance odours and evaporation 	<ul style="list-style-type: none"> ■ Compostable plastic films can provide same advantages and benefits as non barrier mulches ■ Decomposition triggered after season by disking and ploughing 	<ul style="list-style-type: none"> ■ UV-reflective metalized films largely for fruit and vegetable production ■ Promotes insect & disease control ■ Increase plant growth, yield and quality due to reflected UV rays

Corporate Structure

Imaflex Inc. (the Parent Company) is incorporated in Canada and headquartered out of Montreal, Quebec. It has two divisions (Canguard and Canslit) in Victoriaville, Quebec and one subsidiary (Imaflex USA) operating out of Thomasville, North Carolina. The Company’s Canadian operations currently employ a total of approximately 147 people, while its US operations employs approximately 117. Imaflex Inc. owns 100% of Canguard, Canslit and Imaflex USA as illustrated below. We do not employ seasonal workers, nor do we rely on temporary resources.



Imaflex Inc. and Imaflex USA specialize in the manufacturing and sale of custom-made polyethylene films and bags, along with non-metalized agricultural films. Canguard specializes in the manufacturing and sale of industrial bags using mostly recycled material. Canslit specializes in the metallization of plastic film primarily for food packaging and agricultural mulches. This report focuses on Imaflex’s Canadian operations, as our U.S. subsidiary does not meet the Act’s reporting requirement thresholds.

Activity Mapping

Imaflex's Canadian operations deliver value to customers through a series of integrated activities, encompassing pre-production, production, post-production, and support functions. The activities outlined in the mapping below may not be applicable to every product or every sale, particularly with respect to repeat customers.

Pre-Production Activities:

- **Market Research and Sales:**

- Identify and understand customer needs and market trends.
- Develop and manage relationships with potential and existing clients.
- Create and present proposals.
- Receive and process orders.

- **Product Design and Development:**

- Collaborate with clients as necessary to design solutions that meet their specific requirements.
- Consider factors like functionality, aesthetics, sustainability, and regulatory compliance.
- If necessary, make samples and conduct testing to ensure quality and performance.

- **Material Selection and Sourcing:**

- Source and procure high-quality raw materials (resins, additives), and other supplies (ink for printing, packaging: straps, cardboard cores/rolls, core plugs, boxes, pallets) to be used.
- Evaluate and manage supplier relationships based on factors like cost, quality, reliability, and ability to meet regulatory compliance.
- Maintain inventory control and ensure material availability for production.

Production Activities *(performed as needed to meet customer specifications):*

- **Film (single & multi-layer) Production:**

- Operate extrusion lines to manufacture films needed to achieve desired properties like gauge, colour, strength, barrier protection, and printability.
- Combine different film layers together (multi-layer films) and/or metalize as required.

- **Printing & Bag Making** *(Canadian operations offer basic printing & bag making services, unlike U.S.A.):*

- Operate converting machines to process films in-line with customer requirements.
- Utilize processes like slitting, bagging, or other functionalities as required to create final packaging structures.

- **Quality Control:**

- Implement and maintain a robust quality management system to ensure consistent product quality and continuous improvement.
- Conduct thorough inspections at various stages of production to ensure product quality and consistency.
- Utilize testing equipment and procedures to verify parameters like strength, barrier properties, reflectivity, tear resistance as required.

Activity Mapping - Continued

- **Recycle Film**
 - To minimize its carbon footprint Imaflex recycles its scrap and also buys scrap on the market to be used in the manufacturing of industrial bags, including garbage bags, compostable bags, gaylord bags and bags on rolls.

Post-Production Activities:

- **Finishing and Inspection:**
 - Conduct final quality checks to ensure all specifications are met before packaging and shipment.
- **Packaging and Shipping:**
 - Pack finished products securely and efficiently for safe transportation.
 - Manage logistics and ensure timely deliveries to customers.
- **Customer Service and Support:**
 - Provide technical support and address customer inquiries regarding product performance and usage.
 - Manage and resolve any customer comments related to product quality or delivery etc.

Support Functions

- Accounting and Finance
- Human Resources
- Information Technology
- Administrative Support

Additional Activities:

- **Research and Development:** Continuously invest in research and development to explore new materials, technologies, and production methods.
- **Sustainability:** Implement sustainable practices throughout the process, including waste reduction, energy efficiency, and use of recyclable materials.
- **Regulatory Compliance:** Ensure adherence to all relevant regulations and standards for food safety, product labeling, environmental protection, ethical sourcing, and human rights (the Act) etc.

Supply Chain Mapping

Imaflex is committed to ethical sourcing practices and upholding human rights throughout its supply chain, from raw materials to finished goods. This includes not only responsible supplier selection but also quality control measures, information flow, and customer service. A detailed review of our supplier base follows:

Raw Material Suppliers – used in film production (monolayer, multilayer, metalized)

- Resin Suppliers: Supply the base polymers mainly polyethylene (LDPE and LLDPE), along with polypropylene, high-density polyethylene and additives (colour, slip, antiblock, UV protection) used to create films.
- Aluminum Supplier: Supply aluminum used in the manufacturing of metalized film – where a thin metal layer is deposited onto a substrate (film) using vacuum deposition.
- **Supplier principal country of origin: Canada and USA**

Printing Consumables Suppliers – used in Imaflex printing and converting (bag making) production

- Chemical Suppliers/Ink Manufacturers: Provide inks, solvents, etc. used for printing and functionality.
- **Supplier principal country of origin: Canada and USA**

Packaging and Shipping Suppliers

- Packaging and Shipping Supplies: boxes, carboard cores/rolls, core plugs, labels, strapping for protecting and shipping finished products.
- **Supplier principal country of origin: Canada and USA**

Machinery and Part Suppliers

- Supply extrusion machines, printers, bag machines, material handling equipment, all types of tools, instruments, and parts essential to the production process.
- **Supplier principal country of origin: Canada and USA.**
Imaflex has also sourced extrusion & printing equipment outside of North America, namely Italy.

Labour

- Mainly source labour directly using in-house resources and ensuring compliance with all relevant labour laws (e.g., minimum age, work authorization).
- Engage reputable suppliers, while requiring them to comply with relevant labour laws, including those related to minimum age for employment, work permits, and any other applicable provincial and federal regulations.
- **Supplier principal country of origin: Canada and USA.**
Occasionally, Imaflex also uses Canadian based supplier(s) who may source individuals a) within Canada that are not Canadian citizens or b) from outside of Canada (e.g. Philippines) who come here on temporary work permits.

Quality & Regulatory Control (Also see activity mapping):

- Imaflex implements rigorous quality checks throughout the production process to ensure product consistency and ability to meet customer and regulatory specifications.
- *Imaflex Regulatory Information Data Sheet (RIDS): Outlines various regulatory requirements that suppliers may be required to meet depending on film type being manufactured by Imaflex.*

Supply Chain Mapping - Continued

Sale to Customers, Distributors *(Also see section on Activity Mapping):*

- Essentially, all our customers and distributors are in Canada and the United States.
- Imaflex's films are mainly sold to convertors who further process it to meet their end customer needs. This may include bonding with other types of films to address the barrier protection needs of a particular food, adding printing and graphics and modifying the film into the final packaging format.
- In turn, distributors also purchase products from Imaflex and distribute them to various industries, including food and beverage, consumer goods, agricultural, construction, industrial and others.

Information Flow *(Also see section on Activity Mapping):*

- Forecasting and Planning: As required, Imaflex collaborates with customers and distributors to forecast demand and plan production accordingly.
- Order Management: Customers place orders with Imaflex, specifying quantities, delivery schedules, and product specifications.
- Inventory Management: Imaflex maintains appropriate levels of raw materials, films, and finished products to meet customer demand efficiently.
- Quality Assurance: As required, quality control data is maintained and if necessary shared with customers and distributors to ensure product consistency and expectations are met.

Additional Considerations *(Also see section on Activity Mapping):*

- Sustainability: Imaflex has adopted sustainable practices like using recycled materials, decreasing waste and reducing electricity consumption to minimize its environmental footprint.

C. Policies and Due Diligence Processes

Imaflex is committed to meeting the requirements of Canada's new act on Forced Labour and Child Labour in the supply chain (the "Act"). While we do not have a dedicated policy specific to the Act, several existing policies and procedures, for example those outlined in our employee manual, address our commitment to upholding Canadian labour laws. These include policies on rules of conduct, employee Health and safety, antidiscrimination and harassment prevention, and disciplinary policy amongst others. All employees are required to adhere to these policies.

Some policies also affirm our commitment to the principles outlined in La Charte des droits et libertés de la personne du Québec (Charter of Human Rights and Freedoms of the Person), which includes provisions prohibiting slavery and forced labour, along with protecting the rights of children.

The Company periodically improves its policies and procedures based on best practices and evolving regulations. During 2024, we will review and update our policies and procedures to further address potential forced labour and child labour risks, ensuring they better align with requirements of the Act. Furthermore, to enhance our control over potential forced labour and child labour risks throughout our supply chain, we will further review our supplier interactions. If deemed necessary, this will include requesting information from suppliers on their policies and practices related to forced labour and child labour.

D. Forced Labour and Child Labour Risks

We take the issue of forced labour and child labour seriously and are committed to preventing and mitigating any risks associated with it. This includes working with our suppliers as required, to mitigate risks in our supply chain, while promoting responsible labour practices. This said, Imaflex recognizes the need for continuous improvement and in 2024 we will put in place more formalized practices.

Risk Assessment:

Imaflex considers its exposure to forced labour and child labour risks in the supply chain to be negligible. To date, we have not experienced any known breaches related to modern slavery. All the Company's manufacturing activities, as well as almost all of its suppliers, are based in Canada and the U.S.A.

This said, Imaflex recognizes that it is not immune to modern slavery risks and we acknowledge the challenges of monitoring labour practices in a multi-tiered supply chain. As part of our supplier considerations, we look at various factors to ensure alignment with our sourcing standards, including geographic location of supplier, the potential for forced labour and child labour risks, environmental impact, adherence to food and drug regulations and other.

Although negligible, based on our risk assessment, we have identified the following areas of risk:

- **Placement agencies:** We recognize the increased challenges of ensuring ethical labour practices when working with placement and staffing agencies that are not under our control, particularly those that may engage employees for production at our facilities (e.g. machine operators, packagers). We collaborate with such suppliers to understand their recruitment and employment practices for foreign workers. In turn, we require these suppliers to comply with relevant Canadian labour laws, including those related to minimum age for employment, work permits, and any other applicable regulations.
- **Raw material sourcing:** We source resins and additives from large, established Canadian and American chemical companies with well-established supply chains and minimal risk of forced labour and child labour. While a very small percentage of their product (possibly additives) may originate outside of North America, we acknowledge the importance of maintaining vigilance in this area.

Due Diligence Measures:

We have various due diligence measures in place to mitigate risks. These include:

- **Supplier engagement:** As deemed necessary, we engage with our suppliers to understand their commitment to ethical sourcing practices and human rights. Many of our key suppliers have anti-slavery policies firmly in place.
- **Contractual clauses:** During 2024, we will review the need to incorporate anti-slavery and child labour clauses into our supplier contracts with placement agencies for production workers.
- **Monitoring and verification:** Going forward we will enhance our methods to monitor and verify compliance with our ethical sourcing standards. This may involve:
 - requesting information from suppliers regarding their policies and practices related to forced labour and child labour.

Grievance Mechanism:

We have a confidential grievance mechanism for workers to report any concerns they have, which could include those related to forced labour or child labour in our supply chain. This mechanism is accessible anonymously to ensure complaints are investigated and addressed in a timely and fair manner.

Forced Labour and Child Labour Risks - Continued

Transparency and Continuous Improvement:

We are committed to transparency in our efforts to combat forced labour and child labour. We intend to publicly report on our progress in future reports. We acknowledge that this is an ongoing challenge and continuously strive to improve our strategies and practices.

E. Remediation Measures

Imaflex has not identified any instances of forced labour or child labour within its activities or supply chain to date. Therefore, we have not needed to take any remediation measures to compensate victims of forced labour or child labour and/or their families. We remain committed to continuous improvement and risk mitigation strategies to prevent forced labour and child labour in our supply chain.

F. Remediation of Loss of Income

The Act requires companies to report any measures taken to address potential loss of income for vulnerable families resulting from an entity's efforts to eliminate forced labour and child labour.

We have not identified any unintended consequences from our efforts to prevent forced labour and child labour within our activities and supply chain, and consequently haven't observed any negative consequences for vulnerable families.

G. Training

Imaflex communicates its commitment to ethical sourcing and human rights protection through various employee channels, although it is somewhat informal. These include i) our code of conduct, which clearly outlines our commitment regarding ethical labour practices, ii) communication with suppliers, namely those we engage with for plant employees iii) and other informal internal communication channels. As part of our ongoing commitment to ethical sourcing, we are also currently expanding our efforts to formalize training to educate employees on these and other critical issues.

H. Assessing Effectiveness

Imaflex recognizes the importance of addressing forced labour and child labour risks in its supply chain. Given the low risk based on our current operations and supply chain structure, we have not implemented a formal process for assessing the effectiveness of our efforts in accordance with the Act.

However, we are committed to maintaining and improving our risk mitigation strategies. To achieve this, we plan to:

- As necessary, review and update our supplier onboarding procedures to incorporate basic inquiries related to potential forced labour or child labour risks.
- Conduct periodic risk assessments of our supply chain, with particular focus on the higher-risk areas previously identified.
- Monitor relevant regulations regarding protection against forced labour and child labour in the supply chain.

Conclusion

Imaflex remains committed to upholding responsible sourcing practices and preventing forced labour and child labour in its activities and supply chain. We strive to ensure we are meeting the highest standards and recognize the importance of continuous improvement in this area.

Approval and Attestation

This report has been made in accordance with the annual reporting requirements under Canada's new Act Fighting Against Forced Labour and Child Labour in Supply Chains (the "Act"). It was approved by the Board of Directors of Imaflex Inc. on March 19, 2024.

On behalf of the Board, the undersigned attests that the information in this report has been prepared with due diligence and provides an accurate account of the measures taken by Imaflex Inc. to prevent or reduce the risk of forced labour or child labour in its supply chains for the year ending December 31, 2023. This statement applies to Imaflex Inc. and its Canadian divisions, Canguard and Canslit.

SIGNED in Montréal, Québec, March 19, 2024.

Per: (s) Joseph Abbandonato
Joseph Abbandonato
President and CEO and Chairman of the Board
Imaflex Inc.
March 19, 2024

