



McCain Foods | Canada

**Modern Slavery Report
Financial Year 2023**



Sustainability, human rights, and dignity in our supply chain.

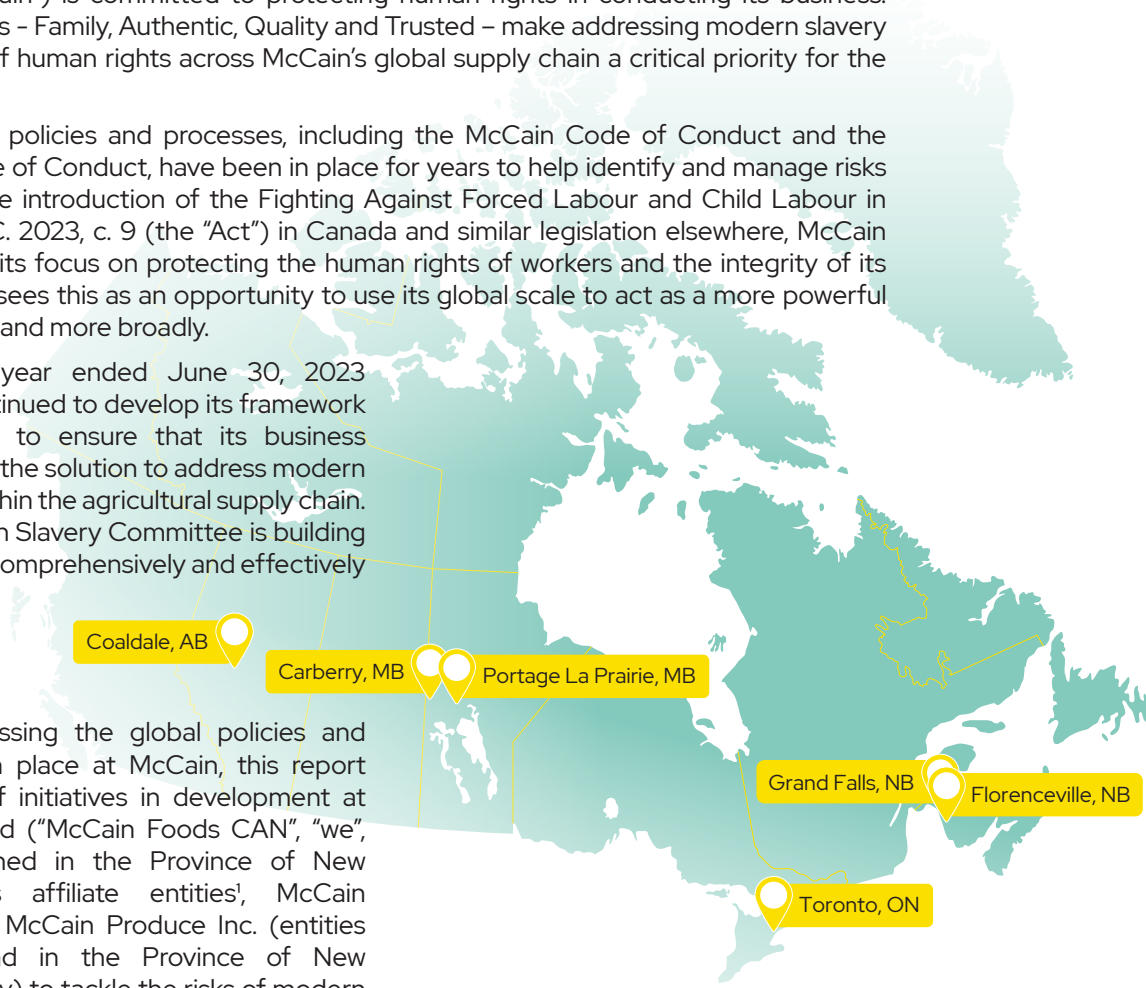


Foreword.

As a leading producer of prepared potato and appetizer products, and a family-owned company, McCain Foods (“McCain”) is committed to protecting human rights in conducting its business. McCain’s shared values - Family, Authentic, Quality and Trusted – make addressing modern slavery and the exploitation of human rights across McCain’s global supply chain a critical priority for the organization.

A number of McCain policies and processes, including the McCain Code of Conduct and the McCain Supplier Code of Conduct, have been in place for years to help identify and manage risks globally. Following the introduction of the Fighting Against Forced Labour and Child Labour in Supply Chains Act S.C. 2023, c. 9 (the “Act”) in Canada and similar legislation elsewhere, McCain continues to sharpen its focus on protecting the human rights of workers and the integrity of its supply chain. McCain sees this as an opportunity to use its global scale to act as a more powerful force for good, locally and more broadly.

During its financial year ended June 30, 2023 (“FY23”), McCain continued to develop its framework of guiding principles to ensure that its business practices are a part of the solution to address modern slavery, particularly within the agricultural supply chain. In Canada, our Modern Slavery Committee is building on this foundation to comprehensively and effectively address local risks.



In addition to addressing the global policies and programs currently in place at McCain, this report outlines the status of initiatives in development at McCain Foods Limited (“McCain Foods CAN”, “we”, “our”, an entity formed in the Province of New Brunswick) and its affiliate entities¹, McCain International Inc. and McCain Produce Inc. (entities formed federally and in the Province of New Brunswick, respectively) to tackle the risks of modern slavery in our supply chain. McCain Foods CAN and these affiliate entities are collectively referred to as “our Group” for the purposes of this report.

¹ The business activities of the affiliate entities are not as broad as those of the reporting entity. Certain categorizations of the affiliate entities differ from those of the reporting entity. The suppliers of the affiliate entities would be particular to the categorizations and sectors that apply to the affiliate entities, and as such, would differ from those of the reporting entity.





Structure, operations, and supply chain.

McCain operates a global business. Its head office is located in Toronto, Canada.

McCain is a privately owned, multi-national leader in the frozen food industry, manufacturing quality products, including French fries, appetizers, pizzas, vegetables, desserts, and prepared meals. McCain also owns companies in complementary industries, such as agriculture and transportation.

In Canada, McCain Foods CAN is the largest branded manufacturer of frozen potato products and a trusted supplier to quick service restaurants, food service businesses, and retail establishments (supermarkets). We also supply a range of appetizer products and desserts. We sell our products into the market almost exclusively in Canada, and to certain affiliates outside of Canada. In FY23, our Group directly employed over 3,000 people in Canada and engaged thousands more indirectly through our logistics and supply chain.

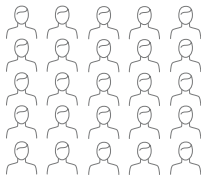
Canada Procurement:



Over 135 potato growers
 (Our largest category of spend)



Approx. 180 indirect suppliers
 Transportation, warehousing, equipment, supplies, operational and business services



Other ingredients, raw materials, packaging and finished goods were sourced from:

Over 45 suppliers

Over 6 countries



We are proud of our foundation in Canada and our place in the Canadian market, and particularly of the relationships we have cultivated with local growers. McCain Foods CAN sources the overwhelming majority of our produce locally and we are committed to working with the farmers who supply our raw materials to support their day-to-day practices, as well as investigating ways to support new and innovative farming methods, including regenerative agriculture practices.

The supply chain² of products and services that contribute to our operations includes raw agricultural materials - the top categories being potato and other commodities, including frying oils, and batters and coatings.

In FY23, our largest category of spend was on agricultural products and specifically potatoes primarily procured from over 135 contracted suppliers in Canada, while other raw materials, ingredients and packaging were sourced from over 45 suppliers mainly located in Canada and the USA. Additionally, all finished goods that we do not manufacture ourselves are sourced from Canada or from our affiliate in the USA. Finally, we engaged approximately 180 suppliers in the indirect supply chain; these are primarily sourced from Canada and the USA and most notably include freight and warehousing service providers, equipment supply and other operational service providers.

² McCain differentiates procurement based on direct and indirect goods. Direct procurement involves the purchasing of goods, materials, and services directly associated with the production of products (e.g. raw potatoes, ingredients, spices, and packaging), whereas indirect procurement refers to expenses incurred for materials, services, and maintenance required to operate the business (e.g. manufacturing equipment, maintenance costs, and consultancy costs).



Diagram 2 - McCain Foods Canada supply chain





Key areas of focus FY23:

For many years, McCain has implemented global policies and processes reflecting its corporate values, including protecting human rights and reducing the risk of modern slavery in its operations and supply chain. McCain Foods CAN has focused on this critical area of corporate responsibility prior to and since the introduction of the Act.

Risks of modern slavery practices in our operations and supply chain.

As a family-owned business, McCain has always operated according to its core values. McCain understands that there is an inherent risk of exposure to the threat of modern slavery in food and agricultural supply chains. The diversity and scale of McCain's supply network means that these threats are relevant to McCain companies around the world, and that it has an important responsibility and opportunity to be an agent for positive change in the industry.

McCain has invested significant resources into developing two key policies addressing risks of modern slavery in our business. McCain's Code of Conduct includes many elements that assist with addressing risks of forced labour and child labour, including provisions directly addressing these practices as well as elements such as diversity, equity and inclusion, respective workplace, non-retaliation and methods for reporting. In addition, McCain's Supplier Code of Conduct governs the actions of its partners and suppliers, drawing upon international standards and best practices in human rights and sustainability. The Supplier Code of Conduct sets stringent standards of ethical conduct for McCain's suppliers, and is founded upon McCain's values, as well as applicable laws around the world; this includes clear prohibitions against forced labour and child labour.

For FY23, we identified that the overwhelming majority of our supply chain for our Group included direct and indirect suppliers primarily operating in Canada and the USA, which are considered to have low risk scores based on the Global Slavery Index³.

³ <https://www.walkfree.org/global-slavery-index/>





Actions we take to assess and address risks.

1. McCain policies.

McCain believes that strong internal policies and systems are a key aspect of managing and mitigating the risk of modern slavery in its operations and supply chain. McCain expects the same level of diligence in regard to the protection of human rights from its suppliers as from its employees, which is one of the ways McCain can use its global scale to help maximize positive impacts.

Prior to the enactment of the Act, McCain has had a long-standing set of policies in place that are regularly reviewed to assess and address applicable risks. These include McCain's Code of Conduct, Anti-Corruption Policy, and Supplier Code of Conduct ("Policies").

These Policies and other programs - such as McCain's Global Sustainability Strategy and commitments - ensure that employees and suppliers are dedicated to managing social, ethical, and environmental issues in a responsible manner consistent with McCain's global values.

McCain is focused on learning and transparency. All employees and suppliers are made aware of the expectation that they will familiarize themselves with - and comply with - applicable policies.

In FY23, McCain commenced a comprehensive review of its Code of Conduct, which was communicated to all employees in early 2024. This refreshed Code of Conduct includes, among other topics, McCain's expectations of its employees with respect to the treatment of all of our stakeholders. We also require all employees to undertake an annual training and recertification of the Code of Conduct as part of their employment.

McCain's Supplier Code of Conduct is clear and definitive regarding modern slavery:

"Use of forced or compulsory labour by the Supplier is strictly prohibited. This includes work or services not voluntarily performed that is exacted or coerced from a person under threat, force or penalty, or threatened abuse of law or legal process, including any kind of involuntary or compulsory, indentured or bonded labour, slavery, servitude or other slavery-like circumstances."

The Policies are monitored and updated as appropriate to ensure McCain approaches all social, ethical, and environmental responsibilities in an appropriate and timely manner.



2. Modern Slavery Committee.

The Group has established a Modern Slavery Committee (“Committee”) comprised of leaders from relevant business functions. The Committee has met regularly in connection with the preparation of this modern slavery report and is more broadly committed to, and may ask members of other business functions to:

- continuously consider methods to reduce risks of forced labour and child labour in the operations and supply chains of the Group;
- review and provide recommendations to the appropriate business function on measures that can be implemented to enhance our response to forced labour and child labour and on opportunities for monitoring effectiveness;
- drive action to remediate any incidents if and when they may be identified; and
- operate as a group of thought leaders for the Group and McCain more broadly on the issues of forced labour and child labour.

The Committee aims to continually raise awareness of modern slavery risks in our own business functions, in the Group’s operations and supply chain and in our suppliers’ operations and supply chains.

3. Risk Mapping and Due Diligence.

McCain Foods CAN takes a number of actions to assess and address the risks of modern slavery throughout our operations and supply chain. In FY23, our activities to mitigate risks of modern slavery included:

- assessment of third party responsible sourcing, which consider ethical, environmental, and social factors, including risks of forced labour and child labour, in the procurement and production of goods;
- setting clear supplier expectations including through our Supplier Code of Conduct; and
- documentation updates to ensure modern slavery risk mitigation components are incorporated, as appropriate, and gaps are addressed.

We continue to evaluate and look to improve our processes by incorporating tailored practices designed to determine and mitigate risks of modern slavery in our own operations and supply chain as well as in the operations and supply chains of our suppliers. The Group remains committed to implementing such tailored practices based on gaps identified to date, including by:

- continuing assessment and updating of documentation to ensure modern slavery risk mitigation components are incorporated, as appropriate, and gaps are addressed;
- exploring further ways to capture supplier information around their business practices and operations, including by engaging with third party organizations who provide risk management services;
- conducting specialized training where particular engagements or activities present a higher risk of modern slavery;
- continuing focus on our direct supply chain to identify and mitigate any high risk categories; and
- augmenting training of our workforce and encouragement of reporting of risks and incidents.



4. Employee Training and Compliance.

McCain has dedicated a section of its website to its focus on sustainability actions, including within the thriving communities in which it operates, and respecting its long-term, trusted connections to growers. In 2024, McCain released its 2023 Sustainability Summary Report which further describes the actions and initiatives behind the business' global commitments to ethical, sustainable operations.

We continue to implement new programs to increase employee awareness and engagement regarding modern slavery. For example, in FY23, at the outset of a significant construction project in Canada, we completed specialized screening of key suppliers and executed in-person training with our general contractor and the entirety of our internal project team. This training reinforced that forced labour and child labour are not accepted by McCain, and informed the group about signs of modern slavery, steps for mitigation and reporting requirements if discovered.

McCain engages in best practices in recruiting and hiring to ensure that all employees are appropriately on-boarded and employed in accordance with applicable laws. McCain has continued to consistently take significant actions to ensure the health and safety of employees and applicable third parties.

5. Partnering with Organizations.

McCain has continued a dialogue with a number of key suppliers and customers regarding the manner in which McCain can collectively address and reduce the risk of modern slavery. In FY23, McCain continued to explore options to engage third party organizations to support a comprehensive review into its supply chain, including supply chain verification activities, sanctions screening and third party auditing services.

As the importance of assessing and mitigating modern slavery risks in the food manufacturing industry receives more global attention, McCain remains keen to explore the possibility of partnering with other organizations/NGOs to obtain access to authoritative materials, information and guidance on best practices.





6. Managing Supplier Contracts.

McCain Foods CAN maintains standard procurement terms and conditions for transactional matters and negotiated master service agreements for ongoing relationships. Each of these have been updated or will be crafted, as appropriate, to mitigate modern slavery risks. If a supplier is found to be in breach of the terms stipulated in their contract with us, including those relating to compliance with the McCain Supplier Code of Conduct, we are able to take corrective action and suspend or terminate the contract with that supplier.

We take any breach of the McCain Supplier Code of Conduct - or any other breach involving a risk to human rights - seriously, addressing it promptly and with the ultimate goal of reducing or removing the risk altogether (for example, where appropriate, the removal of a supplier from our supply chain).

7. Reporting Concerns.

Employees are encouraged to report any occurrences of modern slavery identified or suspected. They also have the option of reporting under McCain's Code of Conduct. For employees who wish to make an anonymous complaint to an external service, McCain retains an independent external service provider which is authorized to receive whistleblowing reports in relation to its global business (contact details are contained in the Code of Conduct). All reports received by the external service provider are reported to McCain's Director, Global Legal & Compliance, and are investigated as required.

As at the date of this report, no reports or complaints have been received through this service in respect of actual or suspected modern slavery occurrences in Canada or otherwise in respect of the Group's operations or supply chain.





Further actions we will take to assess and address risks:

To strengthen our stance against modern slavery risks in our supply chain, the Committee is committed to continuous assessment of our operations and supply chain to identify new or developing areas of risk in the business.

1. Increasing the Assessment of Suppliers.

The Committee will continue its investigations and review of the modern slavery risks in our direct and indirect supply chains and determine appropriate remediation actions. At present, the assessment of tier 1 suppliers of McCain Foods CAN generally concludes a lower risk of modern slavery in the suppliers' operations, business, and supply chains. The Committee intends to develop more detailed reviews of suppliers of the Group in order to better identify any high-risk tier 1 or further tiered suppliers, which may ultimately require their replacement with suppliers that present a lower risk of modern slavery. The significant, tangible action represented by replacement of these suppliers will continue to reinforce to all our staff and suppliers that we will not tolerate modern slavery in our supply chain.

To facilitate our investigations in Canada and in other regions, McCain continues to evaluate a third party responsible sourcing program that considers ethical, environmental, and social factors – including, specifically, the elimination of child and slave labour – in the procurement and production of goods. Responsible sourcing involves ensuring that products are produced and sourced in ways that are sustainable, ethical, and respectful of human rights. We intend to protect McCain and our customers with this robust due diligence engagement involving inherent risk-based assessments and third party validation, enabling objective activation and monitored mitigation planning.

2. Training.

The Committee will consider the appropriateness of a modern slavery training module for employees of the Group to increase employee awareness and engagement regarding modern slavery. The Committee will also consider additional, tailored training for relevant stakeholders in the business, for particular projects and, where appropriate, for certain suppliers considered to be in higher risk industries or locations. All such training may focus on skills for identifying the existence of modern slavery and encourage reporting of any risks or occurrences, with the ultimate goal of upholding the high standard of requirements that McCain has adopted.



3. Audits.

McCain periodically monitors compliance with the Policies. Specific auditing of certain relationships is becoming an increased focus for us. The Committee will consider its current procedures for requiring and auditing of suppliers' commitments to McCain's Supplier Code of Conduct and, specifically, the elimination of forced labour and child labour, and how these may be improved as well as augmented with potential new practices or third party engagement.

Additionally, the third party responsible sourcing program referred to above requires suppliers to share their information and makes available audit results on a number of labour, environmental, health and safety and ethical standards, and reports on the basis of these four pillars of responsible sourcing.

4. Indirect Supply Chain Assessment.

In FY24 and beyond, as our assessment response to modern slavery risks develops and matures, the Committee intends to develop processes and procedures that are most effective to assess the potential risk within our indirect supply chain. We will inform of progress via this report, as applicable.

How we assess the effectiveness of actions we take to address modern slavery risks:

McCain's belief that 'good ethics is good business' has guided it from farm to fork, and is the foundation of our values. On this basis, McCain has built relationships with growers spanning generations, is recognised for its commitment to sustainability and work in local communities, and has been able to successfully implement innovative regional initiatives around the world, including in Canada.

It is through these strong relationships and regular contact with growers - our largest single source of procurement - that we already have close visibility to our growers' operations and have comfort that there are limited risks to consider. The strength of our relationships with growers also positions us well to implement contractual terms and audit rights that specifically address concerns of modern slavery risks in their respective operations and supply chains.

McCain's existing Policies are monitored regularly and it intends to conduct regular audits of the modern slavery program, both internally as directed by its Internal Audit department and/or the Committee and, where appropriate, externally via independent auditing services. McCain Foods CAN intends to continue to evaluate suppliers and their practices, with additional rigour as determined by the Committee to be appropriate. The effectiveness of actions taken to address modern slavery risks will be measured by certain quantitative metrics as appropriate, which may include: the number of individuals trained, the number of contracts signed with appropriate modern slavery provisions, the number of audits or investigations undertaken in response to identification of high risk suppliers, the number of calls to our whistleblower line and any investigations launched, along with the outcomes of such investigations.



Approval and Attestation.

This joint report of McCain Foods Limited and its affiliate entities McCain International Inc. and McCain Produce Inc. was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the board of directors of McCain Foods Limited.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.

I make the above attestation in my capacity as a director of the board of McCain Foods Limited for and on behalf of the board of McCain Foods Limited.

I have the authority to bind McCain Foods Limited.

A blue handwritten signature, appearing to read 'MK', written over a white background.

Max Koeune

Director, McCain Foods Limited

Date: May 31, 2024

