



Annual Report Pursuant to the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Modern Slavery Statement”)

Fiscal Year 2023



Modern Slavery Statement

Introductory Statement

At Pavdim Holdings Inc., 9461-5119 Québec Inc., NTFF Holdings Inc., Nature's Touch Frozen Foods (West) Inc., and Nature's Touch Frozen Foods Inc. (collectively, "**Nature's Touch**" or the "**Reporting Entities**"), we are committed to upholding human rights, fair working conditions and environmental protection. We endeavour to always operate responsibly within the community. We also expect our business partners and suppliers (as well as their contractors, agents, subcontractors, sub-agents and labour agencies) to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws. Nature's Touch aims to provide its customers with amazing tasting frozen fruit and vegetable products that are not only safe to eat from a food safety perspective, but that have been grown, harvested, processed, and transported using ethical and sustainable methods.

This is Nature's Touch's first modern slavery statement pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c. 9). We acknowledge that stamping out modern slavery and human trafficking risk is a process that will take time. Our reporting outlines the measures we have in place and the efforts we have commenced to assess and address risks of modern slavery and human trafficking in our business and supply chain.

Nature's Touch's Structure and Activities

Nature's Touch is in the frozen organic and conventional fruit and vegetable industry. Nature's Touch's operations are comprised of three (3) controlling holding companies and two (2) operating entities operating in Canada, as more fully described below.

Pavdim Holdings Inc. ("**Pavdim**") is a Quebec holding company continued under the *Business Corporations Act* (Quebec) that does not have any employees or operations. It is the ultimate parent company controlling the other Reporting Entities. Pavdim's ultimate beneficial owner and controlling shareholder is John Tentomas, President and CEO.

9461-5119 Québec Inc. ("**Beltoc**") is a Quebec holding company continued under the *Business Corporations Act* (Quebec) that does not have any employees or operations. It is controlled by Pavdim and the sole shareholder of NTFF (described below).

NTFF Holdings Inc. ("**NTFF**") is a Quebec holding company continued under the *Business Corporations Act* (Quebec) that does not have any employees or operations. It is controlled by Beltoc and the only shareholder of NT Foods West (described below).

Nature's Touch Frozen Foods Inc. ("**NT Foods East**") is a Quebec company continued under the *Business Corporations Act* (Quebec) and controlled by Pavdim. NT Foods East is a processor and re-packer of frozen fruit and vegetable products. NT Foods East develops, manufactures, and markets private label and national brand products. Product sales are carried out by NT Foods East's sales team and food brokers.

NT Foods East is active in the retail market segment where it makes sales to food retailers and wholesalers such as supermarket chains, independent grocers, superstores, and warehouse clubs located in Canada and in APAC. It also packages finished retail products for its US affiliate who sells to retail customers located in the United States. NT Foods East operates a facility in Montreal, Quebec and operates through approximately 200 full time non-unionized employees.

Nature's Touch Frozen Foods (West) Inc. ("**NT Foods West**") is a British Columbia company continued under the *Business Corporations Act* (British Columbia). NT Foods West is a processor of fresh to frozen fruit, which fresh fruit it purchases from local growers in British Columbia. NT Foods West's business consists of selling bulk frozen fruit to NT Foods East, an affiliate of NT Foods West. It also packages finished retail products for its US affiliate who sells to retail customers located in the United States. NT Foods West operates a plant located in Abbotsford, British Columbia and operates through approximately 124 full time employees, 100 of which are unionized, and approximately 100 local seasonal unionized employees.

Nature's Touch's Supply Chain

Nature's Touch's supply chain is mainly composed of suppliers of food ingredients, and of containers and packaging materials used throughout its two facilities, namely its facility located in Montreal, Quebec, and Abbotsford, British Columbia.

- **Food ingredients:** Food ingredients, which consist mainly of fruits, and individual quick frozen ("IQF") fruit and vegetable products, are purchased directly or through brokers on the international and North American markets. In 2023, fruit and vegetable products were sourced from 20 countries: Argentina, Belgium, Canada, Chile, China, Colombia, Costa Rica, Ecuador, Greece, Guatemala, Mali, Mexico, Morocco, Peru, Serbia, Spain, Turkey, Ukraine, United States, and Vietnam.
- **Packaging materials:** Nature's Touch procures wood pallets, cardboard boxes, and flexible plastic to support its packaging needs. Packaging materials are sourced from Canada, the United States, and China.

Policies and Due Diligence Processes Related to Forced Labour and Child Labour

The following are policies and due diligence processes that Nature's Touch has put in place to prevent and mitigate risks relating to the use of forced labour and child labour in its supply chain and operations. They apply to all employees of NT Foods East and NT Foods West. These policies and processes demonstrate Nature's Touch's commitment to sustainable business practices and to protecting human rights, both within our operations and throughout our supply chain.

- **Employee Code of Conduct:** Nature's Touch Employee Code of Conduct reflects the company's core values of transparency, empowerment, diversity, and mutuality. The Code governs conduct by employees, and conduct between employees and customers, competitors, and the business providers, including suppliers, who assist Nature's Touch every day.

- **Employee Handbook:** The Employee Handbook reflects our commitment to operate in accordance with the Ethical Trade Initiative’s (ETI) Base Code. The (ETI) Base Code is an internationally recognized labour standard based on the conventions of the International Labour Organizations. Two principles of the Ethical Trade Initiative’s (ETI) Base Code are that employment is freely chosen, and that child labour shall not be used.
- **Supplier Code of Conduct:** Nature’s Touch supplier relationships are guided by our Supplier Code of Conduct. It applies to both domestic and foreign processors and growers that supply goods and services with Nature’s Touch. It affirms our expectation of suppliers to operate in accordance with the Ethical Trade Initiative’s (ETI) Base Code.
- **SMETA 4-Pillar Audits:** Nature’s Touch has SMETA 4-Pillar audits conducted every 1-2 years at NT Foods East’s and NT Foods West’s plants. SMETA 4-Pillar audits are a comprehensive auditing standard that assesses labour standards, health & safety measures, environmental management and business ethics. The measurement criteria for SMETA 4-Pillar audits is based on the ETI Base Code, as well as relevant local laws and regulations. These audits are used to identify risks, and to enable continuous improvement of our health and safety program, labour standards, environmental management, and business ethics.
- **Sedex Program & Audit Requirements for Suppliers:** Nature’s Touch also requires all packaging and IQF suppliers to have a SMETA 4-Pillar audit conducted a minimum of every two years at each site supplying product to Nature’s Touch. As described later in this report, Nature’s Touch is using the Sedex program with its suppliers to conduct human rights due diligence to manage labour-related risks in its supply chain.
- **Ethical Concerns Log:** Nature’s Touch utilizes an online form called the “Ethical Concerns Log”, that any employee can use to submit concerns related to ethical conduct, employment standards, health and safety, or environmental management. Concerns submitted through the Log are reviewed monthly, and where needed are brought to a committee composed of a representative from the legal team and functional head. Submissions may be anonymous. Whenever possible, we endeavor to respond to each complaint within a period of four weeks. Reported concerns are investigated promptly and impartially. Once all relevant information is gathered appropriate action is taken based on the investigation findings.

Risk of Forced Labour or Child Labour Being Used and the Steps We Have Taken to Assess and Manage that Risk

Nature’s Touch Operations

All Nature’s Touch employees are hired in accordance with, at a minimum, the applicable laws, and regulations of those jurisdictions. Nature’s Touch conducts checks to verify that all individuals have the right to work where they are hired. Nature’s Touch human resources teams employ the following practices to ensure that forced labour and child labour are not occurring within our operations:

- No persons under the age of 18 are hired at Nature’s Touch.
- No employees at Nature’s Touch are required to pay for a job.

- All employees have the freedom to join a trade union or other similar association. Employees at NT Foods West’s plant in Abbotsford are part of a trade union.
- All employees have the right to leave their job upon providing reasonable notice.
- All permanent and temporary plant employees receive training on the ETI Base Code. We are working towards expanding training for all employees.
- All Nature’s Touch plants undergo a SMETA 4-Pillar audit every 1-2 years to verify operations are following the ETI Base Code.

Based on external research, we are aware of the heightened risks of using third party labour providers for the hiring of temporary labour. Nature’s Touch has employed the following processes and practices to minimize this risk:

- Third party labour providers used by Nature’s Touch are also included within the scope of a SMETA audit.
- All temporary employees receive training on the ETI Base Code.
- Temporary employees can access the Ethical Concerns Log to submit concerns regarding Nature’s Touch or their employment agency.

Nature’s Touch Supply Chain

Nature’s Touch uses the Sedex platform with IQF and packaging suppliers as its primary instrument for conducting human right due diligence within its supply chain. Specifically, Sedex is used for:

- **Supply Chain Mapping:** Information about suppliers, worksites, operations, and workers in Nature’s Touch’s supply chain is gathered and mapped.
- **Assessing Supply Chain Risks:** Assessing supply chain risks based on location, industry, and site-specific information.
- **Auditing Suppliers:** SMETA 4-Pillar audits are conducted at suppliers’ sites by accredited third party firms. Nature’s Touch key suppliers are required to undergo a SMETA 4-Pillar audit a minimum of every two years. The first audits need to be completed by the end of 2024.
- **Driving Supply Chain Improvements:** Suppliers upload corrective actions and evidence for any non-compliances identified during the audit. All suppliers are expected to have corrective actions verified within the prescribed timeframe.
- **Monitoring and Reporting on Supply Chain Performance:** Sedex dashboards are used to monitor and report on progress from suppliers.

One of the risks in our supply chain is our indirect suppliers at the growing level, whom Nature’s Touch does not have a direct relationship with. Moving forward, we will be evaluating these risks more closely and exploring appropriate risk management tools to better manage the risk of forced labour and child labour in this part of our supply chain.

Remediation measures

Over the course of the reporting period, we have not identified any instances of modern slavery or human trafficking in our business and supply chains, therefore, we have not been required to take remedial measures.

Over the course of the reporting period, there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Training Provided to Employees on Forced Labour and Child Labour

All employees at Nature's Touch are made aware of the existence of our Employee Code of Conduct. Additionally, all plant employees receive training on the Ethical Trade Initiative (ETI) Base Code training on an annual basis.

Assessing Effectiveness of Ensuring Forced Labour and Child Labour are not being used in its Business and Supply Chains

Nature's Touch uses the SMETA 4-Pillar audits conducted at all plants as one of its tools for assessing the effectiveness of our risk management policies, practices, and processes. Additionally, Nature's Touch's Employee Handbook and Code of Conduct are reviewed and updated on an annual basis. Our Ethical Concerns Log is monitored to ensure reports from workers are being addressed in a timely manner.

Nature's Touch's key performance indicators related to SMETA 4-Pillar audits for our suppliers are reported to Nature's Touch Senior Leadership Team. The Procurement and Sustainability teams engage with suppliers on an ongoing basis to ensure corrective actions from audits are being taken.

Additionally, Nature's Touch's Supplier Code of Conduct is reviewed on an annual basis. Apart from this, Nature's Touch is engaging with its Procurement teams and suppliers on these policies and processes on an ongoing basis.

