

Shearer's Foods, LLC

Legislation: *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Reporting Year: 1

Period: October 1, 2022 to September 30, 2023

Accountable Signing Authority: SAIRA BISSESSAR, DIRECTOR HUMAN RESOURCES

TABLE OF CONTENTS

Company Overview	3
Part I – Structure, Operations and Supply Chains	4
Part II – Policies and Due Diligence Processes	6
Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains	9
Part IV – Measures to Remedy Forced Labour and Child Labour	10
Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour.....	10
Part VI – Training Provided to Employees.....	10
Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour	10
Attestation.....	10

Company Overview

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “Canadian Act”), this statement outlines the measures implemented by Shearer’s Foods, LLC and its wholly-owned subsidiaries, SuperPufft Snacks Corp. and Shearer’s Foods Canada Inc. to address the risks of modern slavery, including but not limited to forced and child labour¹ within our operations and supply chain. This will be filed as a joint report between all three reporting entities. Shearer’s Foods, LLC is an Ohio (USA) limited liability corporation, and Shearer’s Foods Canada, Inc. and SuperPufft Snacks Corporation are Canadian corporations organized under the laws of British Columbia. References to “Shearer’s” herein refer collectively to all three entities.

At Shearer’s, we actively uphold human rights and work to prevent any violation of others’ human rights through the policies and procedures we have established. Currently Shearers has our Human Trafficking policy, and our position on Human Rights, Ethics hotline, Workplace Violence Policy, Sexual Harassment Policy as stated in our company handbook. Additionally, we utilize the third party, Trace Gains to help manage all our supplier ethical practices and ask for every supplier to give us their Code of Conduct Statement. We are committed to establishing safe, inclusive, and respectful work environments wherever we conduct business. We value the fundamental rights of our employees and all who work within our supply chain, which encompass freedom from slavery and child labour, equal opportunities for all, a safe and healthy workplace, and freedom from discrimination and harassment.

At Shearer’s, we continue to develop and expand our understanding of the risks associated with the complex issue of modern slavery and to identify areas within our operations and broader supply chain that may be impacted by such challenges. We collaborate across our business and supply chain to implement appropriate practices that mitigate and address potential risks.

Modern slavery is completely unacceptable within our organization and supply chains. Shearer’s acknowledges our responsibility to uphold the rights of individuals working for our organization, as well as those associated with suppliers and business partners who prioritize human rights for their own employees. Recognizing that human rights issues require multifaceted approaches, we consider it crucial to engage with all stakeholders to promote awareness and foster understanding.

¹ As these terms are defined pursuant to section 2 of the Canadian Act.

Part I – Structure, Operations and Supply Chains

Our Structure

Shearer's Foods, LLC subsidiaries, Shearer's Foods Canada, Inc. and SuperPufft Snacks Corp., operate several facilities within Canada, in the areas of Guelph, Mississauga, Orangeville Ontario and Calgary, Alberta. Shearer's Foods, LLC corporate offices are located at 100 Lincoln Way E., Massillon, Ohio, United States. Our Canadian facilities employ a total of 548 full time team members and generate a gross revenue of \$441,503, 189 and our United States facilities employ 4,170 team members and generate a gross revenue of \$1,700,220,826 for Fiscal year 2023.

Our Operations

Shearer's is a leading contract manufacturer and private label supplier for the snack industries in North America, Australia, Asia, Central and South America. Headquartered in Massillon, Ohio, Shearer's Foods, LLC, and its subsidiaries have eleven GFSI compliant state of the art, geographically diverse production facilities operating in Ohio, Texas, Arkansas, Oregon, Virginia, Iowa, Minnesota, Arizona, Pennsylvania, Ontario, Canada, Alberta, Canada, Perry, Florida and Bluffton, Indiana, including one of the industry's first platinum LEED* certified food manufacturing facilities in Massillon, Ohio.

Shearer's known for producing the highest quality conventional , organic, gluten free, non-GMO and kosher salty snacks in assorted flavors and sizes, including kettle cooked potato chips, traditional potato chips, tortilla chips, rice crisps, whole and multi grain chips, pretzels, popped chips, baked chips, cheese curls, a variety of pellet based and extruded snacks, as well as a full line of premium, national brand equivalent and value cookies, crackers and wafers.

Our Supply Chains

Shearer's has a diverse portfolio of products. This report will detail the supply chains for producing potato chips and tortilla chips, which constitute over two thirds of Shearer's production. The supply chain for manufacturing potato chips involves several key stages, from raw material sourcing to final distribution.

1. Raw Material Procurement: The process begins with the procurement of high-quality potatoes. These potatoes are harvested, sorted, and stored in temperature-controlled facilities to maintain freshness until needed. All potatoes are grown and sourced from the US and Canada.
2. Transportation to Processing Facilities: The potatoes are then transported to manufacturing plants. Logistics companies handle the transportation, ensuring the potatoes are delivered promptly and in good condition to prevent spoilage.
3. Processing and Manufacturing:
 - Cleaning and Peeling: At the manufacturing plant, the potatoes undergo a thorough cleaning process to remove dirt and debris. They are then peeled, using mechanical peelers.
 - Slicing: The peeled potatoes are sliced into thin chips. The thickness of the slices can be adjusted depending on the desired type of chip.

- Frying: The slices are fried in hot oil until they reach the desired crispiness. Different oils may be used, such as sunflower or corn oil. All oil is sourced from companies based in the US and Canada.

- Seasoning: After frying, the chips are seasoned with various flavors, ranging from classic salt to more complex seasoning blends like barbecue or sour cream and onion. All seasoning and salt blends are manufactured in the US.

4. Quality Control: Throughout the manufacturing process, quality control checks are conducted to ensure consistency in taste, texture, and appearance. This includes inspecting the raw potatoes, monitoring the frying temperature, and tasting the final product.

5. Packaging: Once the chips are seasoned and cooled, they are packaged using automated machinery. Packaging must protect the chips from moisture and physical damage, so materials like metallized polyester or multi-layered plastic are commonly used. Packaging also includes branding and nutritional information. All film and corrugate used in packaging chips is manufactured in the US and Canada.

6. Warehousing and Distribution: The packaged chips are stored in warehouses until they are shipped to retailers.

7. Transportation to Retailers: Distribution logistics involve transporting the finished products to various retailers, including customer warehouses, supermarkets, convenience stores, and online marketplaces.

The supply chain for manufacturing tortilla chips involves several interconnected stages, from sourcing raw materials to delivering the final product to consumers. Here's a detailed description of each stage up through Processing. All subsequent processes are the same as potato chips:

1. Raw Material Procurement: The process begins with the procurement of high-quality corn, typically white or yellow varieties. Corn is sourced from farmers who may grow it specifically for food manufacturing. Other essential ingredients include vegetable oil, lime (calcium hydroxide), and salt. All corn, oil, lime, salt and seasoning is grown and processed in the US or Canada.

2. Transportation to Processing Facilities: The harvested corn is transported to manufacturing plants. This transportation is managed by logistics companies that ensure the corn arrives in good condition and within a specified time frame to prevent spoilage.

3. Processing and Manufacturing:

- Cooking: The corn is soaked and cooked in an alkaline solution, usually limewater. This process enhances the workability of the corn.

- Grinding: The cooked corn is then washed and ground into masa, a dough-like consistency.

- Shaping: The masa is shaped into thin, round discs or triangles using automated machines that ensure uniformity.

- Baking and Cutting: These discs are partially baked to set the shape and then cut into the familiar triangle shapes of tortilla chips.

- Frying: The cut pieces are fried in hot oil until they become crispy and golden brown.

- Seasoning: After frying, the chips are seasoned, typically with salt, but they may also be flavored

with various seasonings like chili, lime, or nacho cheese.

Part II – Policies and Due Diligence Processes

Shearer's has a robust set of policies, codes, and procedures addressing its obligations to treat our team members, clients, and suppliers with the highest possible level of dignity and respect, as well as our expectations that our contractors, vendors, and suppliers do the same. These documents are Human Trafficking policy that addresses our stance on providing a work environment that is free from human trafficking, forced labor and child labor; and our position on Human Rights where we address that we believe every person deserves dignity and respect and how the company plays a supporting role in promoting human rights within their sphere of control. Shearer's Foods also conveys our Workplace Violence Policy and Sexual Harassment Policy of no tolerance, and we address the need for team members to feel safe, respected while at work as stated in our company handbook.

In addition, Shearer's has put in place new policies, procedures, and due diligence measures specifically to address the complex problems of forced labour and child labour. Shearers utilizes the third party, Trace Gains to help manage all our supplier ethical practices, provides our suppliers with our supplier code of conduct handbook and ask for every supplier to give us their Code of Conduct Statement to ensure alignment with Shearer's ethical practices and values.

Our policies and practices are guided by international and industry-leading standards, such as: United Nations' publications, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and Universal Declaration of Human Rights, Fair Labor Standards Act, Employment Standards Act 2000, and State's Minor Labor Laws to name a few.

Shearer's requires all Suppliers with which we contract to comply with Shearer's Supplier Code of Conduct, ensuring fair and ethical workplace standards across our supply chain, and including clauses prohibiting the use of forced labour, and requiring compliance with forced labour and modern slavery laws. Shearer's Foods, LLC and its subsidiaries supports the goals of the Canadian Act and takes seriously our responsibility to act with due diligence to avoid infringing on the human rights of others and address any impact on human rights if they occur.

Overall, Shearer's policies and processes directly ensure that The Company and our suppliers adhere to the value of human rights. Our Supplier Code of Conduct ensures that the companies we work with understand our expectations and Shearer's values concerning forced and child labor and if violated gives Shearer's the right to discontinue the working relationship with the supplier. Shearer's Foods Human Rights stance and Human Trafficking policies address that Shearer's will follow all legal laws concerning forced and child labor. That we recognize individual's rights to being respected and treated with dignity in the workplace and that Shearer's and its subsidiaries have an obligation to play a supporting role in promoting these rights within their sphere of control. Shearer's Workplace Violence and Harassment policies ensure that these values, in respect to human rights, are expectations and enforced at Shearers.

Shearer's Internal Code of Conduct

Shearer's Code of Conduct sets out our values and responsibilities on respectful, safe and healthy workplaces, a culture of inclusion and diversity, customers, safety, and the environment. Our Code of Conduct places special emphasis on the importance of fostering an environment of open and honest communication and encourages employees to SPEAK UP when confronted with compliance, ethics, legal or other concerns. Our Code of Conduct also focuses on our commitment to protecting and advancing human dignity and human rights to guide our relationships with employees, contractors, vendors, suppliers, and others through whom we conduct business, including by addressing human trafficking.

The Code of Conduct is managed by the Human Resource Department and is reviewed and updated as necessary.

Supplier Code of Conduct and Contractual Obligations

Shearer's supplier relationships are guided by our Supplier Code of Conduct. At Shearer's, we have always set high standards for the way we conduct business- in areas from corporate and social responsibility to sound business ethics, including compliance with all applicable laws and regulations. In turn, we expect the same commitment from our suppliers. Therefore, we have established the Shearer's Supplier Conduct Principals. These principles speak to the commitments we make to our clients, and relationships built on trust and personal responsibility. They establish the standards required for conducting business with Shearer's.

Our goal is to work with our suppliers to ensure full compliance with these principals, as they in turn apply those to their own suppliers they work with in the delivery of goods and services for Shearer's. We will consider these principles in our selection of Suppliers and will actively monitor their compliance. Shearer's has 12 guiding principles:

1. Non-discrimination
2. Treat employees with respect and dignity
3. No forced or involuntary labor is used
4. No use of child labor
5. Suppliers will at a minimum comply with all applicable wage and hour laws and regulations
6. Suppliers will not exceed prevailing local work hours and will appropriately compensate overtime
7. Freedom of association where suppliers will respect employees' rights to join working organizations including trade unions
8. Health and safety of employees

9. Protect the environment and abide by environmental laws
10. Comply with all applicable laws and regulations in all locations where they conduct business
11. Conduct ethical dealings and monitor compliance
12. Complete documentation to remain compliant

We have implemented best practices by including clauses that both prohibit use of forced or child labour and impose penalties for same. These are contained in our standard terms and conditions with suppliers, consultants, and contractors. The Supplier Code of Conduct sets minimum expectations and guidelines for suppliers, consultants and contractors and obligates them to comply with applicable laws, including those related to forced and child labour and human trafficking. Shearer's keeps records of all contractual counterparts, and our supplier contracts contain risk mitigation and enforcement provisions, including audit rights for Shearer's and termination rights based on material breach of contract.

All suppliers, consultants, and contractors accept the terms of Shearer's Supplier Code of Conduct and affirm compliance with its requirements.

Shearer's Supplier Code of Conduct is managed by Procurement and is reviewed and updated as necessary.

Human Rights and Human Trafficking Policies

Shearer's has a Human Rights Policy and Policy Against Human Trafficking and Modern Slavery, which guide our relationships with employees, contractors, vendors, suppliers and others through whom we conduct business. These Policies set out our prohibition on human trafficking and modern slavery, and sets out enforcement mechanisms Shearer's will take to enforce this prohibition, including investigations and audits.

Reporting Process

Shearer's has an Ethics Hotline and associated email address, which is part of its whistleblower program. Allegations of any breaches of our policies or any non-compliant and unethical matters are taken seriously. The Ethics Helpline is also made available to suppliers, contractors, and consultants. The Ethics Hotline can be used confidentially online in English and Spanish or by calling a toll-free number to submit a report in English or Spanish. Retaliation against anyone, including employees, suppliers, etc. speaking up in good faith is strictly prohibited as specified in our policies located in the employee handbook.

In addition to measures currently in place, we intend to implement additional employee training through our learning management system on a yearly basis along with the policy information that is provided at employment to team members.

Should we determine a supplier is in non-compliance with the Canadian Act, or uses, directly or indirectly, forced labour or child labour, we will notify the supplier of the breach and cease the working relationship until corrective action is put into place.

By putting in place these formal policies, codes of conduct for colleagues and suppliers, and comprehensive compliance and monitoring standards, Shearer's actions its commitment to healthy, safe, and respectful working conditions throughout Shearer's supply chain. Forced labour and child labour are anathema to Shearer's core values, which is why we also have strong due diligence practices in place.

Our Due Diligence Processes

Shearer's has implemented a number of due diligence measures, to ensure layers of review. As described above, our standard terms of engagement/contracts with suppliers include clauses that require the suppliers to abide by our Code of Conduct, conduct due diligence relevant to forced labour and child labour, and specify that breaches of same will be grounds to terminate the contract, with damages to us.

In addition, we will be implementing the practice of distributing an annual questionnaire to all our suppliers, to ascertain their risks and due diligence practices regarding forced labour and child labour. In this questionnaire, we pose questions regarding each supplier's structure, their supply chain, their employees, policies and procedures, history, and general awareness regarding forced labour and child labour in their organization or supply chain.

Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains

Our potential exposures to indirect association of modern slavery practices come through our supply chain, as we rely on extensive use of contracting and subcontracting services. Through our Supplier Code of Conduct we clearly set expectations for not subscribing to child labor and forced labor and expectation of following all laws in respect to those topics. Additionally, Shearer's does frequent site audits with our suppliers for qualification and inspection and have not seen any cases of child labor or forced labor. Shearer's has provided clear and concise language around these expectations and have inserted provisions where we will immediately stop all relationships with suppliers who do not abide by our values and supplier criteria.

We expect all suppliers, regardless of the cultural, social, and economic context, to meet expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the people working for them.

Shearer's Foods, LLC and its subsidiaries assess low to minimal risk of forced labour or child labour in our supply chain. Shearer's is not aware of any forced labour or child labour in our supply chain. Both statements are subject to the limitations of Shearer's risk identification activities as described in more detail above and below.

Part IV – Measures to Remedy Forced Labour and Child Labour

Shearer's is not aware of any incidents of forced labour or child labour in our activities or supply chain in our past financial year, subject to the limitations of our risk identification activities as described in more detail above and below. Accordingly, Shearer's has not had to take any remedial measures in response to incidents of forced labour or child labour. Some of the remedial and due diligence measures available to Shearer's are set out in more detail below.

Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour

Efforts to prevent and reduce the risk of forced and child labour (as set out at Part IV) can have the unintended consequence of contributing to a loss of income for vulnerable families.

Shearer's has not as of the date of this report become aware of any loss of income to vulnerable families resulting from our measures to eliminate the use of forced labour and child labour in our activities and supply chains.

Part VI – Training Provided to Employees

Shearer's and its' subsidiaries require all team members to read and acknowledge the Ethical Business Conduct manual each year, which includes sections on Human Rights and Human Trafficking. In addition, Shearer's Foods, LLC, and its' subsidiaries have sourced training material for forced labor awareness, and it will be implemented by 10/1/2024. This training will be completed annually and tracked in the electronic Learning Management System (LMS).

Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour

Shearer's Foods, LLC, Shearer's Foods Canada, and SuperPufft Corporation has not taken any actions to assess the effectiveness in preventing and reducing risks of forced and child labour in its activities and supply chains in the previous financial year. We are currently examining how best to conduct these assessments.

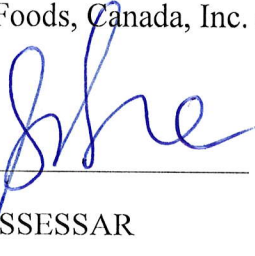
We recognize the need to implement effective measures to identify and mitigate the risk of forced and child labour within our operations and supply chains. We are currently examining how best to conduct these assessments.

We will review annually our reporting document and update as necessary to ensure that it reflects the emerging consensus on best practices to address these complex issues. We also will annually review our questionnaire to our suppliers, and process to ensure continued compliance and implement any improvements required to ensure we are accurately obtaining and retaining information from our external and indirect suppliers.

Attestation

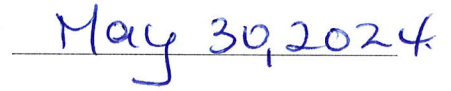
In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information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

By signing the below, I hereby confirm I have the authority to bind Shearer's Foods, LLC, Shearer's Foods, Canada, Inc. and Super-Pufft Snacks Corp.

A handwritten signature in blue ink, appearing to read 'Saira', written over a horizontal line.

SAIRA BISSESSAR

DIRECTOR, HUMAN RESOURCES

A handwritten date in blue ink, 'May 30, 2024', written over a horizontal line.