

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

FINANCIAL YEAR ENDING APRIL 30TH, 2025

INTRODUCTION

This statement is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act. Below, you will find Color Ad Packaging Ltd.' (Color Ad) report on Forced Labour in Canadian Supply Chains, updated with new language to reflect the latest initiatives and compliance measures undertaken during our fiscal year ending April 30, 2025. The revisions focus on internal adjustments made by Color Ad in an effort to meet both our moral and legal compliance obligations as outlined by the Canadian Federal Government's expanded supplier due diligence process. Internal adjustments made by Color Ad throughout Fiscal Year 2025 include, but are not limited to, the implementation of a new supplier self-assessment questionnaire, increased oversight of Tier 2 and Tier 3 suppliers, and the implementation of supplier revalidation efforts, primarily targeting offshore external partners operating within higher prevalence regions.

Color Ad is a high-quality printer and converter, producing flexible packaging goods primarily for the Food and Confections industry.

Color Ad Packaging Ltd. is a privately owned company with Canadian ownership. Color Ad operates two facilities in Winnipeg, Manitoba, Canada.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

(A) STRUCTURE

- Color Ad Packaging is a Limited Corporation
- Organizational structure consists of:
 - o Private Ownership – 3 Shareholders
 - o President & Chief Executive Officer reports to Ownership
 - o Chief Operations Officer reports to President & Chief Executive Officer
 - o Controller reports to President & Chief Executive Officer with a reporting line to Ownership
 - o Major Departments are Sales, Operations and Finance.
 - o Plant Manager addresses the day to day operations of the facilities
 - o Number of employees – 246
 - o Organizational Mandate/Goal – Focussed on being a world-class flexible packaging printer and converter, who is passionate about producing printed, flexible packaging that best supports our customer's brand image in the marketplace. Strongly committed to our corporate social responsibility through programs implemented to support the environment and community and to conducting business in a legal,

ethical, and responsible manner, while requiring our Vendors to work at the same high level of standards.

- Color Ad Packaging operates out of two locations in Winnipeg, Manitoba with Location 1 being the Manufacturing facility and Location 2 being the Print Cylinder Engraving Facility and Warehouse.

(B) ACTIVITIES

- Color Ad receives electronic artwork files from customers and prepares the files for either Flexographic or Rotogravure Printing. Where Flexographic printing is required, Color Ad manufactures polymer plates at the main production plant, Location 1. Where Rotogravure Printing is required Color Ad Engraves Steel Cylinders at Location 2, which is the Engraving Facility.
- Back at the Manufacturing Location 1, Color Ad Prints, Laminates, Hot Foils, Slits, and converts rolls into flat bottom bags or stand up pouches.
- Color Ad produces goods for sale in the form of printed roll stock, bags or pouches.
- Goods produced by Color Ad are shipped primarily to the United States, Canada and Mexico.
- Color Ad produces and sells an annual average of 471,000,000 units.
- In the production of the goods produced Color Ad imports raw materials and machine parts primarily from Europe and the United States.

(C) SUPPLY CHAINS

- General supplies, consumables, tools and parts are purchased in Canada or the United States.
 - Equipment parts for Presses, and converting equipment are purchased from the original equipment manufacturers in Europe or the United States. Color Ad does order parts on occasion from China for two of its converting machines and for its Engraving Equipment.
 - Raw Materials are the major components for our Supply Chain sourcing.
 - Ink – United States
 - Solvent – United States
 - Adhesives – United States
 - Film – United States mostly, then Canada and India
 - Paper – United States mostly, and Spain.
 - Color Ad purchases materials either directly from the manufacturer or through known Brokers, who disclose the source and location of the products they sell us.
 - We work with 3 Brokers, one in Canada and two in the United States. We do not purchase products from sources unknown and reserve the right to visit any facility that provides materials for our use in production.
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POLICIES AND DUE DILIGENCE PROCESSES

Creating and maintaining an ethical supply chain is a high priority for Color Ad. We are fortunate to have long-term relationships with the vast majority of our vendors, which gives us a high level of trust and commitment in regards to ethical practices.

Mapping out our supply chain and the creation of the Vendor Code of Conduct, shared with Vendors, and to which vendors must comply as well as the Vendor self-assessment have been a major initiative in our due diligence.

Vendors are also requested to provide their Code of Conduct for our records.

FORCED LABOUR AND CHILD LABOUR RISKS

Risks within Color Ad's own activities. We have considered the extent to which we may contribute to, or cause child forced labour in our own activities. Given the controls we have in place for our own operations in Manitoba, we see no risk. We do however recognize that relevant risk exposures potentially reside in our supply chain.

Risks in the activities of direct or indirect vendors. Recognizing that the further away we are geographically from vendors and with any potential supply coming from areas with a prevalence of human rights/force labour violations has caused us to build due diligence pro-active tools. Our Vendor Code of Conduct requires that "*Vendors must adhere to fair labour practices, including non-discrimination, fair wages, safe working conditions, and the prohibition of child and forced labour.*"

- Whether we are working with direct or indirect vendors, Color Ad always reserves the right to visit any potential vendor to validate their qualification. Failure to allow such a visit would disqualify a present or potential Vendor.
 - **Identified Risks Note 1.** It should be noted that our efforts to date have focussed only on the Tier 1 Raw Material Providers, which accounts for 73% our supply chain spend and not the Tier 2 and Tier 3 where there may exist a potential risk.
 - **Identified Risks Note 2.** Efforts to date have focussed on Raw Material Vendors which has not yet included Service Providers where there exists a potential risk.
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REMEDATION MEASURES

No actions have been required or taken to remediate forced labour or child labour in our activities or supply chains.

REMEDIATION OF LOSS OF INCOME

No actions have been required or taken to remediate lost income.

STEPS TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR OR CHILD LABOUR

The majority of the supply chain spend is in the area of raw materials to produce finished goods for our customers. This would apply to our purchases of Paper, Film, Ink, Solvent and Adhesives.

Mapping of the Supply Chain – Color Ad has mapped its supply chain within three risk categories reflecting a range of Forced Labour prevalence by region.

- Preference Number 1 – Low to Medium Risk Zone – North America
- Preference Number 2 – Medium Risk Zone – Europe
- Preference Number 3 – Medium to High Risk Zone – South America and Indo-Pacific

Risk Evaluation of Key Vendors – We have conducted a risk evaluation of 17 of our key vendors, based on the criteria of Labour Practices/Conditions and Adherence to Ethical Standards.

- Low Risk – 14 of our Suppliers are as rated low risk. Factors considered were:
 - o Having an Ecovadis or Ecocert performance rating
- Medium Risk – 3 of our Suppliers rated medium risk. Factors considered here are that all 3 Suppliers are material brokers and this can carry additional transparency risk.
- High Risk – None of our Suppliers rated high risk.
 - o Where sustainability performance and goals are public

As part of our enhanced due diligence initiatives undertaken during fiscal year 2025, we developed and implemented a new all-encompassing Forced Labour Supplier Questionnaire, designed to assess supplier commitment to preventing Modern Slavery and Human Trafficking within their respective supply chains. This new Questionnaire includes targeted questions requiring prospective suppliers to disclose the steps they are taking to reduce the risk of Modern Slavery and/or Forced Labour within their own operations and supply chain. This form will supplement our preexisting Vendor CSR Questionnaire implemented in fiscal year 2024, which queries our suppliers on a number of Environment and Social Governance related topics, including, but not limited to, Forced Labour.

The new supplier self-assessment questionnaire is required for all new suppliers prior to onboarding and is intended to ensure consistency, transparency, and early detection of potential risks.

We have extended our monitoring practices to include Tier 2 and Tier 3 suppliers. By reaching deeper into the supply chain, we aim to identify and mitigate risks not only at the surface level but also with sub-tier partners who may be operating in regions with a higher prevalence of modern slavery.

As part of our commitment to continuous improvement, we will revalidate previously onboarded suppliers who fall within a risk category level of medium or higher – which is currently limited to a few brokers/distributors. Particular attention will be given to suppliers located in countries identified by the Canadian federal government as having a high prevalence of modern slavery or forced labour.

FORCED LABOUR AND CHILD LABOUR RISKS

Identified Risks Note 1 (Updated): While our initial efforts focused on Tier 1 raw material suppliers, we have begun monitoring Tier 2 and Tier 3 partners to evaluate and reduce potential risks further down our supply chain. We have initiated supplier outreach efforts and begun collecting compliance documentation and ethical sourcing disclosures from both our tier 1 and lower-tier vendors on company letterhead and acknowledged via signature by senior leadership. Examples of such can be found below.

Tier 1 polypropylene film supplier (broker/distributor) statement – Country of Origin Toronto, Canada:



Modern Slavery and Child Labor Policy

1. Introduction

FAM TI Inc is committed to upholding human rights, protecting workers from exploitation, and ensuring that our operations and supply chains are free from modern slavery and child labor. This policy outlines our approach to preventing and addressing modern slavery, human trafficking, and child labor within our organization and throughout our supply chains.

As part of our commitment to ethical business practices, we adhere to all relevant Canadian and international laws, including the **Criminal Code of Canada** and **International Labour Organization (ILO) Conventions**, to ensure our business is conducted with integrity, respect for human dignity, and in full compliance with labor standards.

Tier 2 polypropylene film supplier (manufacturer) statement – Country of Origin Ahmedabad, India:



Date: 17/01/2025

Sub: Declaration letter

We Chiripal Poly Films Limited, Manufacturer of BOPET/BOPP /Coated and Metallized film acknowledging that there are no elements of modern slavery present in our manufacturing process and we are working in safe conditions.

For any further questions, following addressee can be contacted.

For Chiripal Poly Films Ltd.

A handwritten signature in blue ink, appearing to read 'Sanjeev'.

Sanjeev Gahlot

Dy. General Manager - QA& TS

ASSESSING EFFECTIVENESS

While we have expanded our approach to risk management beyond Tier 1 suppliers and have begun data collection and ongoing monitoring of Tier 2 and Tier 3 suppliers, revalidation data will not be available until Fiscal Year 2026, as validation efforts described above were initially implemented during the current fiscal year. These enhancements increase the granularity of our oversight and help identify supply chain blind spots.

These changes reflect our goal to transition from a reactive compliance posture to a proactive, preventative one that evolves with global standards.

BOARD APPROVAL

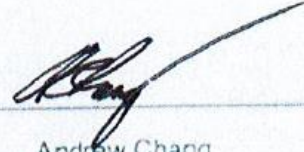
The attached report of the "Fighting Against Forced Labour and Child Labour in Supply Chains Act, S. C. 2023, c.9, Section 4(a)" representing Color Ad Packaging Ltd's activities for our Fiscal Year ending April 30th, 2025 is hereby approved

We further authorize Chip Batten, Color Ad Packaging's President and Chief Executive Officer to execute and deliver the attestation as noted below

Signed the 16 day of May, 2025



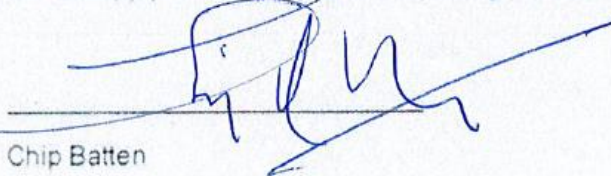
Brigette Chang



Andrew Chang

ATTESTATION

In accordance with the requirements of the Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity 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 Supply Chains Act, for the reporting year listed above.



Chip Batten

President and Chief Executive Officer

May 16 2025

I have the authority to bind Color Ad Packaging Ltd.