



FORCED LABOUR & CHILD LABOUR REPORT - 2023

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INTRODUCTION

As a leading North American packaging and logistics services company with operations across Canada, Alliance Labeling Inc. plays a role in promoting human rights and responsible business practices. We recognize that risks of forced labour and child labour (also referred to as modern slavery) exist and acknowledge that understanding and managing these risks requires a collaborative approach with our workforce and other external stakeholders. This report outlines Alliance Labeling Inc.’s governance processes, existing measures, and progress made during its fiscal year ending September 30, 2023 (“FY2023”) to prevent and mitigate the risks of modern slavery across our activities and supply chain.

REPORTING CONTEXT

Alliance Labeling Inc. (“ALI”) is a federally incorporated entity subject to the legal requirements in section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”). This report is made by ALI pursuant section 11(4)(b)(ii) of the Act and was approved by Board of Directors on May 14, 2024. The terms “we”, “our”, and “the Company” refer to ALI.

This Report is a joint report filed by Alliance Labeling Inc. on behalf of itself and the following subsidiaries in Canada: Alliance IntraPak and Northpoint Industries Ltd.

During our last financial year, we have taken various steps to prevent and reduce the risk that forced labour or child labour be used at any step of the production of goods in Canada by us or of goods imported into Canada by us, including the following:

- We involved various internal stakeholders to map and examine our supply chain for high-risk activities and workforce for forced labour and child labour risks. As part of this analysis, we performed an internal assessment of our supply chain activities to identify any instances of non-compliance and evaluate the effectiveness of our existing controls.
- We have developed an action plan for addressing forced labour and/or child labour, which includes a protocol providing for promptly escalating any issues related to forced labour or child labour to senior management.
- We addressed certain of our existing practices by initiating ongoing improvements to our internal supply chain processes, policies, and training.
- We continued monitoring our suppliers, and developed and implemented due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in the Company's activities and supply chains.

Details of the above actions are set out in this report.

OUR STRUCTURE, BUSINESSES AND SUPPLY CHAIN

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

ALI is headquartered in Oakville, Ontario and has production facilities in both Quebec and Ontario. The company has centralized corporate and administrative functions that provide governance, financing, procurement and other support to all company's core businesses.

ALI is a leading value-added ancillary packaging and warehousing solution service provider, with specialized engineering and manufacturing capabilities.

With over 28 years of delivering best-in-class services to customers in the beverage and food sectors, our long-tenured staff at Alliance Labeling and Alliance IntraPak brings a high level of industry knowledge, quality process controls, and expertise in club store and distribution regulations. Northpoint is the leading independent manufacturer of container-handling equipment servicing the food and beverage industry with design and manufacture capabilities for all types of industries for over 35 years.

OUR SUPPLY CHAIN

The procurement team at ALI is a centralized function that supports our operations across Canada and sources products and services for our projects and operations both in Canada and the US. A key role of the procurement team is to ensure spend is tendered to provide quality and reliable

services and partnership with customers who meet our qualification standards and corporate requirements. In our efforts, we track key supplier metrics including spend, performance history, capabilities, discrepancies and non-conformances.

In 2023, the majority of Alliance Labeling Inc. total spend was directed to support operations and projects in Canada. The company engages in a value-added process whereby it receives finished products from customers and performs repackaging activities to customize the packaging configurations as per the desired specifications and design required by our clients, including variety packs and Display Ready Pallets [DRPs]. In addition, the Company provides storage services for our customers' products in the warehouse. Although we source our products exclusively from Canada and the US, our direct suppliers also have their own value chains and source their products from other foreign regions, and in some instances, there can be a number of levels of suppliers between the Company and the raw materials. This multi-tiered structure highlights the importance of diligent monitoring and oversight to ensure compliance with labour standards and mitigate risks of forced labour and child labour across all supply chains.



POLICIES AND DUE DILIGENCE PROCESSES

Forced & Child Labour (policy and commitment on human rights)

ALI's Forced Labour and Child Labour Policy reinforces the Company's requirements and expectations for conducting business and expected behaviours and includes a statement on our commitment to human rights. The Forced Labour and Child Labour Policy reiterates our position against the use of forced labour and child labour and contributes to ensuring that no forced or child labour is used in activities and supply chain. ALI considers the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights, and the core International Labour Organization Conventions when adopting human rights best practices. As part of our commitment to human rights, we stand firmly against the use of forced labour and child labour in our operations and across our supply chain. The policy applies to all employees, directors, managers, and contingent workforce of the company. It is reviewed and approved by the senior Plant Leadership team.

Expectations on reporting violations

The Company strives to ensure that any employees, directors or managers can report perceived misconduct without the risk of retaliation, and with the assurance that all reports are treated confidentially and investigated promptly. To that end, ALI's Forced Labour and Child Labour Policy provides a framework for asking questions and highlights resources in place to report concerns.

Personnel are required to report any actual or suspected non-compliance with our policies or legal requirements violation of the law or policy, including those relating to forced labour and child labour, and all health, safety and environment related hazards, potential hazards or incidents, of which they become aware.

We take every report seriously and provide immunity from disciplinary action for good faith reporting of incidents and issues. Personnel have several avenues to report an issue depending on the nature of the incident.



MODERN SLAVERY RISKS

Understanding our Risk Exposure

ALI's most significant risk exposure to forced labour and child labour lies in the work performed on-site. The primary source of these risks is our use of temporary workers agencies. However, we consider these risks to be relatively low given that in conducting our operations, we strive to comply with all laws and regulations applicable in Canada. We also recognize the potential risks of forced labour and child labour in our extended supply chain and the complexity and challenges in operationalizing modern slavery compliance.

The Company established a cross-functional team involving various internal stakeholders in FY2023 to examine our supply chain for high-risk activities and workforce for forced labour and child labour risks.

As part of this analysis, a risk review of our supply chain activities was conducted to identify and assess the effectiveness of the controls in place.

The following activities were part of the review:

1. Established a core team consisting of internal stakeholders within our supply chain to align internal activities and further enhance due diligence and risk

management activities related to key sustainability issues, such as human rights.

2. Initiated a review of internal policies for preventing forced labour and child labour in the supply chain, onboarding, temporary staffing policies and compliance processes.
3. Reviewed internal educational training, processes for reporting suspicious or actual violations, that prohibits forced labour and child labour.
4. Initiated ongoing improvements to internal supply chain processes, policies, and training

Based on the review of our supply chain activities, temporary staffing was identified as presenting the highest forced labour and child labour risk exposure to the company.

While the information above represents the current known risks of modern slavery for ALI, it characterizes the findings from our initial supply chain review at a particular time. More work is underway internally to monitor and identify potential risks and as such our conclusions may change in the future as we learn more.

OUR ACTIONS TO ADDRESS MODERN SLAVERY RISKS

The company utilizes a risk-based model to manage modern slavery risks in our facilities. We leverage various processes to screen and monitor suppliers and our supply chain for human rights risks, including forced labour and child labour.

As part of our established procedures, we collaborate closely with the staffing agency to ensure that the workforce they supply is composed of individuals who have chosen to work voluntarily. To ensure compliance with our requirements, we conduct regular on-site inspections and verifications.

If issues are found, they are escalated to senior management for review and action in accordance with the Company's escalation procedure.

In FY2023, we have not been made aware of specific instances of forced labour or child labour in our activities and supply chains and as such, no measures have been taken in our activities and supply chains during such period to remediate forced labour, child labour or loss of income to vulnerable families.

OUR TRAINING AND AWARENESS

Upholding human rights, including both forced labour and child labour, is explicitly addressed in the Company's Forced Labour and Child Labour Policy. Every member of the ALI team, is expected to read, understand and comply with the principles and requirements set out in the Forced Labour and Child Labour Policy and certain employees are required to complete annual internally developed training.

Additionally, we conduct specialized, in-person training sessions strategically designed to address the unique challenges of high-risk areas.

ASSESSING OUR EFFECTIVENESS

ALI is committed to developing a resilient and transparent supply chain where the human rights of every worker involved are respected. During 2023, our focus was further enhancing our foundational capabilities and processes to continue to effectively manage our suppliers on critical forced labour and child labour issues to ensure human rights are not violated within our supply chain.

Currently, the Company performs an annual policy review with input from various stakeholders across the Company. We investigate and track all internal and external reports. We also perform risk-based assurance activities on a regular basis, which can range from external independent audits to internal supply chain-focused assurances.

While ALI believes in the efficacy of our measures to prevent and mitigate forced labour and child labour within our operations and supply chain, we will strive to maintain and continually improve our sustainable and transparent supply chain, and work to maintain a robust understanding of our supply chain networks. These activities include assessing contractual terms and working with vendors to measure the effectiveness of their actions to address forced labour and child labour, including tracking relevant performance indicators.

REPORT APPROVAL AND ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity 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.

I have the authority to bind Alliance Labeling Inc.

Signed by: Dario Lopez

Title: President

Date: 05-14-2024