

CKF INCORPORATED

2023 REPORT UNDER THE *FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT*

This report has been prepared for the financial year ending December 31, 2023, pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This report describes the steps that CKF Incorporated ("**CKF**") has taken to prevent and reduce the risk of forced labor and child labor in CKF's supply chain.

CKF's board of directors approved this report as attested below on May 14, 2024.

1. Introduction

Established upon the firm foundation of Canadian heritage, CKF emerges as a leading example of manufacturing excellence and dedication to sustainability principles. Our history, which extends over 91 years, is marked by a steadfast commitment to the principles of human rights, the welfare of our employees, and the maintenance of integrity within our supply chains. The unveiling of our 2023 Modern Slavery Report is an opportunity to reflect on our continuous journey and the targeted efforts we have undertaken to eliminate forced and child labor within our operations and supply chains, not only across Canada but also internationally.

As a distinguished, family-owned Canadian enterprise, CKF has distinguished itself in the production of molded pulp fiber, expanded polystyrene (EPS)-foam, and polyethylene terephthalate (PET) products, serving the nuanced requirements of retail consumers, foodservice operators, and the general packaging industry. Our diverse range of products, which includes the flagship Royal Chinet brand of single-use plates, attests to our industry leadership and commitment to quality and environmental sustainability. Additionally, our product portfolio encompasses a variety of items such as egg cartons, meat trays, and various carry-out containers, evidencing our commitment to innovation and versatility.

Our operational presence is expansive, with molded-fiber production facilities in Hantsport, NS, and Langley, BC, and EPS-foam manufacturing sites in Rexdale, ON, and Langley, BC. Furthermore, our operations in Langley BC, Delta, BC, and Rexdale, ON, play a crucial role in the production of PET foodservice trays. Notably, in response to the challenges presented by the COVID-19 pandemic, our Delta, BC, facility swiftly modified its operations to produce vital PET face-shields for frontline workers, thus demonstrating our adaptability and profound commitment to supporting the community.

With an annual output surpassing 2.7 billion units and employing approximately 900 individuals across North America, the scale and breadth of CKF's operations underscore our operational superiority and pivotal role in the Canadian manufacturing sector. For more detailed information regarding our activities, initiatives, and pledges, we invite interested parties to visit our website at www.ckfinc.com.

This report serves not only to document our initiatives during the financial year ending December 31, 2023, aimed at protecting our operations and supply chains from the afflictions of modern slavery but also to reiterate our commitment to cultivating environments characterized by dignity, respect, and ethical conduct. We invite you to explore the progress we have made in securing freedoms, advocating for human rights, and contributing to a future where every individual has the prospect of living free from coercion and exploitation.

2. Steps to Prevent and Reduce Risks

CKF has taken a proactive and comprehensive approach to safeguard against human rights violations, including taking the following actions in 2023:

- Enhanced the due diligence and supplier assessment processes (including supplier self-assessments, and site visits by procurement personnel) in our Supplier Approval Process Standard Operating Procedure, integrating strict criteria to evaluate and ensure compliance with our ethical standards. Specifically, the assessment includes the following statements:
 - *Is there a process to ensure adequate steps are taken against all forms of forced and compulsory labour as well as child labour?*
 - *Does your company source materials from suppliers in the Xinjiang Uyghur Autonomous Region, China?*
 - *Does your company have arrangements for health and safety that provide sufficient protection for your employees?*
 - *Does your company have specific mechanisms in place to ensure effective implementation of fair business practices and ethical behaviour (i.e. Anti-corruption, conflicts of interest)?*
- Conducted targeted audits within North America and ongoing monitoring of our supply chains, focusing on transparency and accountability.
- Continue to provide our employees with training on our Employee Code of Conduct, which outlines the principles and standards that guide our behavior and actions. The Code emphasizes integrity, safety, avoiding conflicts of interest, complying with regulations, and includes policies for reporting any activities or actions that are not consistent with our Code of Conduct.

3. Structure, Activities, and Supply Chains

CKF is a corporation formed and existing under the Nova Scotia *Companies Act*. Founded in 1933 and privately held since its inception, CKF is a key member of the Scotia Investments Family of Companies, which is headquartered in Bedford, Nova Scotia, Canada.

In 2023, CKF purchased and imported goods from North American sources other than Canada, Europe, South America and China. The types of goods purchased and imported include raw materials, finished goods and production equipment.

As Canada's largest manufacturer of single-use plates and a leader in molded pulp fiber, EPS-foam, and PET foodservice products, CKF operates six manufacturing facilities across Canada. Our supply chain is extensive, sourced primarily from North America, ensuring compliance with stringent

environmental and labor standards. Within CKF Inc.'s Supply Chain, we are aware of higher risk geographical areas such as Mexico, South America, and regions of China, and take additional steps in such regions to manage the increased risk.

4. Policies, Governance, and Due Diligence Processes

4.1 Compliance with National and Provincial Legislation

CKF is committed to full compliance with all relevant labour, health/safety, and environmental regulations, including labour standards, trade union, and human rights legislation in all jurisdictions where we have offices and/or manufacturing sites.

4.2 Human Resources Policy/Statement

CKF's Human Resources Policy/Statement prohibits the use of forced labour, and only permits the hiring of employees on a voluntary and mutual consent basis who are above the minimum regulated age for employment. CKF's offer letters and employment agreements clearly state that employees have the right to leave their employment by giving notice to CKF, mitigating the risk of forced or compulsory employment.

4.3 Supplier Approval Process Standard Operating Procedure

The purpose of the Supplier Approval Process Standard Operating Procedure is to ensure that all first-tier suppliers of raw material and packaging materials are in compliance with the regulations followed by our industry.

4.4 Supplier Assessment Process

The Supplier Assessment Process includes all suppliers of raw material and packaging and consists of a yearly exercise that includes self-assessment by suppliers and our evaluation of their status as suppliers. This is also done as we bring on new suppliers throughout the year. The form includes a section on Environmental and Social Responsibility with the following specific questions:

- *Is there a process to ensure adequate steps are taken against all forms of forced and compulsory labour as well as child labour?*
- *Does your company source materials from suppliers in the Xinjiang Uyghur Autonomous Region, China?*

In addition, we also include the following related questions:

- *Does your company have arrangements for health and safety that provide sufficient protection for your employees?*
- *Does your company have specific mechanisms in place to ensure effective implementation of fair business practices and ethical behaviour (i.e. Anti-corruption, conflicts of interests)?*

As part of CKF Inc.'s Supplier Approval Process, on site visits are performed annually whereby we strive to visit the major raw material and packaging suppliers. This is done by Procurement to validate information supplied by the vendor on the Supplier Self-Assessment form using the Supplier Site Visit Log. We also have regular interactions with our suppliers via meetings, whether in person or

online. Site visits in 2023 focussed on our North American suppliers, and we intend to expand our site visits beyond North America in the coming years.

4.5 Health and Safety Excellence

Our comprehensive safety program has earned the WCB "Mainstay" Award three times, reflecting our zero harm target and adherence to the *Occupational Health and Safety Act*. Langley Facility has attained numerous Safety awards, approved by Worksafe BC, from the Manufacturing Alliance of BC including COR (Certificate Of Recognition) as well as several Safety Pinnacle awards (Sapphire, Emerald & Safety Leadership).

4.6 Environmental Stewardship

Our operations comply with the *Environment Act* and *Fisheries Act*, among others. We actively monitor and report on our environmental impact, with aggressive targets for GHG reduction, water usage, and solid waste reduction.

4.7 Management and Social Compliance

Scotia Investments' Social Compliance Code of Conduct and our Supplier Approval Process is central to our operations. We conduct annual supplier surveys to ensure social compliance, supported by commitment to our internal Code of Conduct. CKF is covered by Scotia Investments' whistleblowing policy that is administered by an independent third party.

5. Assessing and Managing Our Risk

CKF has implemented a strong risk assessment strategy that emphasizes the ongoing evaluation of both our internal processes and those of our suppliers. Our Supplier Approval Process Standard Operating Procedure (SOP) and yearly audits are essential elements of our risk management framework. Our Quality Control (QC) and Safety Managers review the completed questionnaires, and any missed or additional information will be followed up on with the supplier to ensure compliance with our standards.

6. Remediation Measures

CKF is committed to promptly addressing any non-compliances identified in our operations or supply chain. We are guided by our Social Compliance Code of Conduct and internal policies to ensure fair and ethical practices. In 2023, no instances of non-compliance were identified, and therefore, no remedial measures were required.

7. Training

CKF places a high priority on promoting ethical standards and protecting human rights. To ensure that employees involved in supply chain activities are knowledgeable about these issues, they are required to undergo mandatory training at least once a year. These training programs focus on specific areas such as child and forced labor. Although training programs were established before the year 2023, no training was conducted during that year. Our next internal training update is scheduled for December 2024, and it will be mandatory for all personnel involved in supply chain activities.

8. Assessing Effectiveness

CKF is dedicated to assessing the effectiveness of our strategies aimed at fighting against forced labour and child labour. We regularly review our policies, procedures, and training programs to ensure that they are effective. The results of the annual site visits conducted as part of the Supplier Assessment Process are used to validate the Supplier Self-Assessment form responses. These results are reinforced through CKF's practice of ongoing face-to-face supplier interaction. During supplier onsite visits, we complete the Supplier Site Visit Log which corroborates the Supplier Self-Assessment. This calibration step serves as a confirmation of the effectiveness of our programs.

9. Approval and Attestation

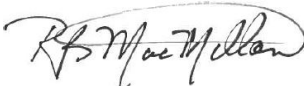
This Report, a testament to CKF's unwavering commitment to human rights and ethical practices, was approved pursuant to subparagraph 11(4)(a) of the Act by our Board of Directors.

CKF Incorporated's dedication to preventing and addressing modern slavery in all forms underpins our operations and strategic decision-making. We remain steadfast in our commitment to ethical business practices, environmental stewardship, and the well-being of our employees and communities.

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

I make the above attestation in my capacity as Chair of the board of directors of CKF (the "**CKF Board**") for and on behalf of the CKF Board.

I have the authority to bind CKF.


Per: _____

Full Name: Randy MacMillan
Title: President and Chief Executive Officer
Date: May 21, 2024


Per: _____

Full Name: Lydia Bugden
Title: Chair, Board of Directors
Date: May 21, 2024