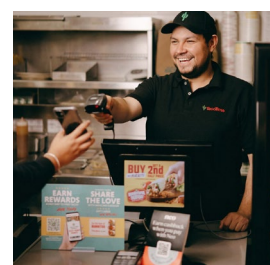




MODERN SLAVERY ACT ANNUAL REPORT

2023



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ANNUAL REPORT

1. ABOUT THIS REPORT

This Statement has been prepared on behalf of MTY Food Group Inc. in accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9* (the "Act"). This joint report explains the actions that have been taken by the reporting entity, MTY Food Group Inc. including those of its subsidiary MTY Franchising Inc., to identify and mitigate the risks of modern slavery in its business operations and supply chains during the reporting period ending November 30, 2023 ("**2023FY**").

In this report, a reference to "MTY", the "company", the "organization", "we", "us", "our" is to MTY Food Group Inc. and MTY Franchising Inc. and its subsidiaries (unless otherwise specified).

This report contains certain statements relating to our expectations and plans to mitigate modern slavery risks, as well as other Environmental, Social and Governance ("**ESG**") goals, which are forward-looking statements. All statements other than statements of historical or current facts, including statements regarding our plans, initiatives, projections, goals, commitments, or expectations are forward-looking. We use words such as "anticipate", "intend", "aim", "believe", "commit", "plan", "estimate", "strive", "target", "seek", "project", "expect", "may", "will" or similar expressions to identify forward-looking statements. Forward-looking statements reflect our current expectations and are based on information available to us at the time the statements were made.

Readers are cautioned not to place undue reliance on forward-looking statements. Except where required by applicable laws and regulations, we assume no obligation to update these forward-looking statements. These statements inherently involve risks and uncertainties, and actual results could differ materially due to various factors, including evolving sustainability ESG strategies, expectations not being realized, evolving government regulations, or other changes in circumstances. The statements and commitments made throughout this report may not be applicable for acquisitions made by MTY after this report is published or businesses that were not part of MTY for a minimum of twelve months. Past performance cannot be relied on as a guarantee of future performance.

2. EXECUTIVE SUMMARY

This is MTY's first Annual Report published in accordance with the Act. It covers certain activities undertaken during the 2023FY to help identify, prevent, and mitigate potential risks of forced and child labour practices directly or indirectly in operations and supply chain.

During the 2023FY, MTY's executive leadership, procurement, legal, HR, and ESG teams have been invested in further learning about risks in industries that touch our core business activities and accordingly then ensuring proper preventative practices are in place.

EXAMPLES OF 2023FY KEY ACCOMPLISHMENTS:

- Learned more about the history behind the new Act, inclusive of the potential risks of modern slavery and child labour specifically in food-related operations and supply chains;
- Strengthened our already-established supplier code of conduct ("**Supplier Code of Conduct**") by:
 - adding specific standards regarding the Act; and
 - specifying the obligation to report any actual or suspected violations of the law or of the Supplier Code of Conduct;
- Initiated additional:
 - review of our due diligence processes and risk management frameworks;
 - consolidation of additional data on the origins of products we ultimately receive from our Core Suppliers; and
 - requirements that Core Suppliers agree to our standard Manufacturing and Supply Agreement and Supplier Code of Conduct (or a similar contract thereto).

3. STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

STRUCTURE & ACTIVITIES

MTY Food Group Inc. is a Canadian company registered under the *Canadian Business Corporations Act* and publicly listed on the Toronto Stock Exchange. By the end of the 2023FY, MTY Food Group Inc. had

subsidiaries located and operating in Canada and the United States engaged in restaurant activities and the manufacturing of retail products.

MTY is primarily in the franchise restaurant business and owns the rights to nearly 90 food and beverage brands. By the end of the 2023FY, there were approximately 7,100 restaurant locations operating under MTY brands. Ninety-seven percent (97%) of these locations were owned and operated by unaffiliated franchisees and the remainder were corporately owned and operated by MTY. MTY employed approximately 7,500 employees across our head offices, manufacturing plants and corporate stores.

Other parts of MTY business activity include manufacturing and distributing MTY brand food products sold to consumers via third party vendors, subleasing property to our franchisees, marketing, and other general corporate affairs. Refer to our [2023 Annual Report](#) for further details on MTY's structure and operations.

SUPPLY CHAIN

MTY relies almost exclusively on third-party vendors to procure goods used in our manufacturing plants and restaurant locations. Our extended supply chains include goods sourced from the Americas, Asia, Oceania and Africa. With these third parties suppliers, we have established standards and set targets for them to help protect the safety and rights of our franchisees, clients and community. MTY's procurement teams, who ultimately report to the CEO and work closely with our legal team, oversee all third-party suppliers and distributors.

In 2023FY, we began classifying suppliers into one of three groups: (1) Core Suppliers; (2) Service and Equipment Suppliers; and (3) Other Goods Suppliers, defined as follows:

Core Suppliers are suppliers of our Canadian restaurants that have a significant impact on our business and with whom we have entered into contractual agreements. These suppliers provide our corporate restaurants and franchise partners with *core* items required to meet our brands' specifications.

Service and Equipment Suppliers are suppliers that provide ongoing/recurring goods and services to our corporate restaurants, franchise partners, corporate offices and manufacturing plants.

Other Suppliers are mainly regional suppliers, that we don't have an overarching master supply agreement with and instead primarily only place occasional purchase orders with, who provide us with sporadic or accessory goods and services.

4. POLICIES, DUE DILIGENCE PROCESSES AND TRAINING

MTY WORKFORCE

Within MTY's corporate restaurants, manufacturing plants and corporate offices, strict policies protect employees against workplace conduct that violate any provincial, federal or state laws or regulations. The Human Resources department requires all head office employees and senior managerial personnel read and agree to abide by MTY's Employee Handbook (the "**Handbook**"). The HR department also requires employees to renew their obligations under the Handbook by regularly signing an acknowledgement form. In addition to covering employment guidelines and benefits, the Handbook contains the following policies: Ethics, Whistleblower, Discrimination, Bullying, Violence and Harassment and grievance mechanisms for potential witnesses or victims and other policies related to business integrity, workplace safety, fair compensation and other employee protections.

Hiring policies take into account all legal requirements relating to child labour and forced labour.

Pursuant to our Whistleblower Policy, employees are expected to report concerns of any illegal or unethical activity either to their manager, Human Resources or the chairman of MTY's Audit Committee. In situations of non-compliance, MTY may respond with disciplinary measures, up to and including a termination of the employee contract, where appropriate.

Franchise partners operate independently, employing their own policies and employment contracts. MTY has developed and made available to all our new and existing Canadian franchisees and managers a training program called MTYU. During this training program, MTY helps participants learn how to find the tools and resources required to help fulfil their responsibilities and obligations as a Canadian business owner and employer.

THIRD-PARTY SUPPLY CHAIN

MTY is committed to a strong business ethic and conducting our operations in compliance with all applicable laws. We hold ourselves accountable and we expect our suppliers to embrace the same values that guide our business conduct. We have established and employed a written Supplier Code of Conduct and a core Manufacturing and Supply Agreement ("**MSA**"), or similar contract thereto, and in 2023FY, we have continued efforts to implement them with our Core Suppliers.

One purpose of the Supplier Code of Conduct is to help ensure that suppliers respect and align with MTY's ethical business standards. Supplier obligations under the Code include:

Business Integrity

Suppliers promise to comply with anti-bribery laws, whistleblower protection, accurate bookkeeping, and grievance management.

Human Rights

Suppliers assure they respect freedom of association; freedom from discrimination, harassment, or abuse; and that they do not employ underage labour.

Workplace Environment

Suppliers guarantee they offer safe and healthy working conditions for their employees.

In the course of 2023FY, we strengthened our Supplier Code of Conduct to further address forced labour and child labour risks.

5. RISKS OF MODERN SLAVERY PRACTICES

MTY acknowledges that modern slavery is an issue plaguing certain companies that have a more global supply chain. The [United Nations Global Compact](#) identifies the hospitality and service industry as being prone to hiring vulnerable workers.¹ Also, according to the Global Slavery Index, agricultural workers in countries that supply products to the US market can be vulnerable to exploitation.²

MTY does not directly source products itself, nor does it directly hire agricultural workers. We also take multiple measures to help mitigate risks that could be associated with our extended industry at large.

INTERNAL WORKFORCE

We believe it is critical to attract, engage and retain employees by creating safe, diverse and inclusive environments for them to thrive. We are hopeful that all the measures we take and policies we enforce continue to ensure that there are no modern slavery practices within our workforce.

Corporate Administrative Staff

Our corporate and administrative staff are located in Canada and the United States, where provincial, federal and state legislation exist to protect human rights and employment rights. These protections are buttressed by strict recruitment and HR governance frameworks that include numerous

corporate policies and employment contracts which further protect human rights and labour rights.

Corporate Restaurant Staff

MTY has made a priority of being an employer of choice. Like corporate administrative employees, workers performing their duties in MTY's corporately owned restaurants benefit from strong protections of their rights that also result from MTY's strict recruitment and HR governance framework. Considering their geographical location, all MTY's employees are further protected by existing federal, provincial and/or state labour and human rights laws.

The vast majority of stores operating under MTY's brands are operated by franchisees who are independent business owners solely responsible for the employment and management of their staff. MTY cannot make representations on behalf of unaffiliated franchisees regarding their HR policies, their employment contracts or their conduct affecting their workforce. However, as a franchisor, MTY does require all franchisees to comply with all applicable laws and regulations.

THIRD-PARTY SUPPLY CHAIN

In light of the Act, we cross-referenced risk factors recognized by Walkfree in the [Global Slavery Index](#) of 2023 to the following sourcing practices of our third party suppliers:

- a) Whether our suppliers have facilities located in countries that have a low score on the corruption perception index and/or that are at risk according to the global slavery index based on the products they supply;
- b) whether products sourced by these third-party suppliers come from one of these countries;
- c) whether third-party suppliers are themselves supplied by third-party vendors having activities in these countries; and
- d) if products we are supplied with include high risk raw materials.

6. REMEDIATION MEASURES

We have proactively established contractual rights and policies that allow MTY to respond to reports or allegations of forced or child labour and initiate remediation measures as applicable.

INTERNAL WORKFORCE

Our corporate whistleblower policy, combined with the right to discipline or end employment contracts with individuals who have violated any laws

¹ [Industry-specific Risk Factors - Business & Human Rights Navigator \(unglobalcompact.org\)](#)

² [United Nations Global Compact - Forced Labour - Industry-specific risk factors](#)

or conducted themselves in a manner that is in disaccord with any of our internal policies, enables MTY to properly respond to allegations of forced labour or child labour within our operations.

Our franchisees are responsible for managing their workforce and setting their own policies. MTY has however established the authority to terminate franchise agreements with franchisees who fail to abide with all applicable laws and regulations, including human rights and labour laws.

THIRD-PARTY SUPPLY CHAIN

In our policies and master MSA template, we have included the right to conduct inspections of suppliers to help hold suppliers accountable for keeping their operations and supply chain, including their sub-contractors and affiliates, in compliance with our standards. We have also included in our master template agreement the right to take disciplinary actions up to and including terminating a relationship with a supplier for failure to abide with our standards. We are endeavoring to include these terms in our contracts with third-party Core Suppliers.

In our policies and master template agreements, we have included the right to conduct inspections.

7. ASSESSING EFFECTIVENESS

In the spirit of the new Act, MTY prioritized gaining a better understanding of potential modern slavery risks underlying general business operations in our industry and supply chains and developing plans and mechanisms to help mitigate them.

INTERNAL WORKFORCE

We issued a survey across all corporate offices in Canada and the United States to further identify strengths and potential risks within our workforce and assess the effectiveness of measures taken in response to potential risks. We also began additional internal and external data collection protocols and awareness-building for key employees within the organization.

THIRD-PARTY SUPPLY CHAIN

We began developing new processes to assess the influence of mitigation efforts within our supply chain. For example, we implemented new functions in our existing Canadian supplier's data base to ease the tracking process of our Canadian suppliers governed by our MSA and/or Supplier Code of Conduct. We also created a record-keeping system to document any allegations of forced labour or child labour made by suppliers or their staff, if such allegations were ever to arise.


8. STATEMENT OF APPROVAL

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 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.

Eric Lefebvre

Chief Executive Officer

May 30th, 2024

Signature 

I have the authority to bind MTY Food Group Inc.