Joint Transparency Statement on Modern Slavery, Forced Labour, and Child Labour

Prepared in accordance with the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act

Reporting Entity: Advanced Fresh Concepts Corp. (AFC)
Covered Subsidiaries: Advanced Fresh Concepts Franchise Corp., Advanced Fresh Concepts Distribution Corp.
Reporting Period: Fiscal Year ending March 31, 2026
Submission Date: May 31, 2026

Introduction

Modern slavery, human trafficking, forced labour, and child labour represent severe violations of basic human rights and global ethical standards. Typically utilized as illicit mechanisms to maximize corporate profit margins at the expense of individual liberty, these exploitative practices trap millions of vulnerable individuals in involuntary conditions worldwide. Recognizing the critical responsibility of the business community to proactively identify and dismantle these illegal practices within global operations, Advanced Fresh Concepts Corp. (AFC) has developed this comprehensive disclosure statement. This annual report has been prepared to the best of our knowledge by directly addressing the structured disclosure prompts and administrative guidance provided by the Canadian government. Through transparency, strategic policy enforcement, and risk-based supply chain mapping, AFC remains firmly committed to ensuring compliance with the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, alongside parallel international legislative transparency requirements.

1. Organizational Structure, Operations, and Supply Chains

Organizational Profile and Operations

Advanced Fresh Concepts Corp. (AFCC) and its controlled entities—Advanced Fresh Concepts Franchise Corp. (AFCFC) and Advanced Fresh Concepts Distribution Corp. (AFCDC)—collectively referred to as 'AFC', operate in the retail store sector. Globally recognized as the pioneer and largest sushi counter franchisor in the supermarket industry, AFCFC had over 4,041 food service counters in the United States and Canada at the end of the fiscal year ending March 31, 2026. Through its franchisees, AFC provides fresh, restaurant-quality sushi made mostly from raw ingredients (including seafood and vegetables) and cut fruit/vegetable trays.

In Canada, AFCFC’s 235 locations are distributed across Alberta, British Columbia, Manitoba, Ontario, and Saskatchewan, divided into 28 corporate-owned locations and 207 franchise-operated locations. Across its trading entities, AFC employs a total of 724 individuals:

Entity	Country / Region	Number of Employees
Advanced Fresh Concepts Franchise Corp.	USA Canada	588 93
Advanced Fresh Concepts Distribution Corp.	USA	43

Supply Chain Structure

AFC’s procurement team works closely with suppliers and manufacturers to source goods and services produced at their respective sites. Physical distribution is handled by importing goods directly to AFC's distribution center or utilizing third-party distribution partners. AFCDC fulfills and ships supplies to US franchisees and supplies products to Wismettac Asian Foods, Inc., the approved distributor for Canadian locations. Wismettac manages logistics, sources certain products, and schedules orders for Canadian franchisees, which includes purchasing sushi food

containers and other products from approved suppliers in Southeast Asia (including Japan and China).

AFC's global supply chain operates across multiple countries, including Asia, Europe, North America, South America, and some islands. These regions are mostly related to suppliers in the seafood and raw ingredients industry.

Through the TraceGains platform, AFC maintains a deep understanding of its tier-one suppliers regarding product distribution, sourcing, manufacturing, and processing. Procurement and Food Safety and Quality Assurance (FSQA) teams collaborate to collect documentation for tier-one visibility.

Governance, Information Gathering, and Stakeholder Engagement

The Sustainability team, in partnership with the FSQA team, is primarily responsible for identifying, assessing, and responding to modern slavery risks, looping in Procurement and Distribution teams as required. To gather data for legislative compliance, the Sustainability team collaborated internally with FSQA, Regulatory Compliance, and Human Resources. AFCC is responsible for reporting on behalf of both AFCFC and AFCDC.

To map supply networks and detect forced labor or child labor violations, AFC engaged FRDM, an AI-powered supply chain risk and compliance software company. Additionally, sustainability personnel have engaged with industry experts, competitors, clients, and non-governmental organizations (NGOs) to deepen their knowledge—specifically regarding actionable steps to mitigate risks within the seafood supply chain. This insight is progressively shared across Regulatory Compliance, Procurement, Distribution, and FSQA teams to evaluate supplier risks.

2. Policies, Communication, and Enforcement

Internal Operating Policies and International Standards

AFC adopted and implemented the Code of Business Conduct issued by its parent company in August 2025. The Code expressly requires that employment practices prohibit all forms of forced, slave, bonded, indentured, or involuntary prison labor, human trafficking, exploitation, and the importation of goods produced through slavery.

Internal Human Resources policies align with the United Nations Guiding Principles, including anonymous ethics reporting mechanisms, and with International Labour Organization (ILO) labour standards governing fair employment practices. Relevant internal mechanisms are designed to protect the following:

- Employee conduct and recruitment fees
- Freedom of movement and termination of employment
- Freedom of association and the right to collective bargaining
- Child labour, threats of violence, harassment and intimidation and workers' original identification documents

Policy Communication, Enforcement, and Continuous Improvement

a. Related to Corporate Operations

AFC's Human Resources department regularly reviews and updates the company's Employee Handbook and has introduced additional online training for the management team on human rights, discrimination, and retaliation in the workplace.

b. Related to Franchised Operations

AFC reinforces the requirement that franchisees operating their stores comply with all applicable federal and state wage laws. In addition, locations operating under government contracts on military bases, in government buildings, and within institutions are required to follow the applicable wage determinations mandated by the U.S. Department of Labor.

AFC's Regulatory Compliance Department receives complaints from clients and franchisee employees regarding improper operations, including potential wage-related concerns, which may trigger an investigation into the franchised operation. Where non-compliant activities are identified, AFC issues a cure letter specifying the period within which the franchisee must remedy the violations. Failure to do so may result in termination of the franchise agreement.

AFC's Franchise Services department periodically distributes memoranda to all franchisees within the system reinforcing the recitals set out in the Franchise Disclosure Document, including compliance with applicable local laws and regulations.

The Sustainability and FSQA teams are working with Procurement to establish policies that strengthen the Franchisee Purchasing Process and help ensure that franchisees do not obtain products from unapproved vendors. Franchisees who violate this AFC franchise standard may be subject to penalties intended to halt non-compliant conduct and, where appropriate, may face termination.

c. Related to Upstream Supply Chain

AFC's Sustainability team, in partnership with FSQA, is developing a human rights due diligence (HRDD) program that will be communicated to internal teams and external suppliers. AFC has identified this as an important gap to address to strengthen policy enforcement throughout the supply chain.

AFC continues to develop a Supplier Code of Conduct that sets out the legal, ethical, and operational standards expected of its suppliers. This Supplier Code of Conduct will support AFC's efforts to combat forced labor, promote safe working conditions, and help ensure that workers are paid appropriate wages, while also strengthening compliance with anti-corruption, anti-bribery, and environmental requirements.

3. Risk Management and Due Diligence Processes

Risk Assessment and Priority Risks

AFC performs supply chain risk assessments annually as products are sourced. The Sustainability team holds primary responsibility, using the FRDM tool to upload supplier information and evaluate exposure.

To better understand and prioritize current and emerging human rights due diligence (HRDD) risks, FSQA has been engaged as a key partner in strengthening these efforts and in developing an action plan to embed relevant policies into FSQA and Procurement purchasing practices and supplier engagement strategies. In addition, the Sustainability team has begun engaging directly with suppliers to introduce these risk topics and encourage ongoing dialogue and collaboration as a shared responsibility. To further deepen AFC's understanding of forced labor risks, the Sustainability team also engages with non-governmental organizations (NGOs) and industry experts through conferences and quarterly meetings to stay informed on emerging best practices and address information gaps.

Thus far, AFC uploaded information for 120 suppliers into the FRDM software. The digital assessment, backed by consultation with industry experts and NGOs, identified seafood procurement in the Southeast Asian region as carrying the highest level of potential forced labor risk. Because seafood is an industry widely recognized for forced labor vulnerabilities, AFC centers its HRDD efforts heavily on this sector and geography.

Prevention, Mitigation, and Grievance Mechanisms

To prevent and mitigate risks, AFC's focus areas include supplier documentation, internal employee training, grievance mechanisms, and remediation:

- Supplier Documentation: The FSQA team has begun requiring suppliers to upload documentation through Tracegains regarding modern slavery policies and completed social audits.
- Internal Employee Training: AFC is expanding internal training to build employee awareness of modern slavery, forced labour, and child labour risks, as described further in the following section.
- Grievance Mechanisms: Franchisee workers can report operational and compensation concerns via the Info line or the NAVEX Helpline (available 24/7/365).
- Remediation: Confirmed operational violations trigger investigations and cease-and-desist mandates. No incidents of modern slavery were identified across operations or supply chains during the reporting period.

Continuous Improvement and Next Steps

Moving forward, AFC is committed to a process of continuous improvement by fostering deeper collaboration across our Sustainability, FSQA, Regulatory Compliance, and Procurement teams to formally develop and scale our overarching Human Rights Due Diligence (HRDD) program. We will actively utilize the insights and data gathered from the risk assessment already performed to evaluate our immediate next steps. This includes establishing more robust supplier

onboarding protocols, addressing identified enforcement gaps, and progressively auditing higher-risk areas within our supply network to ensure long-term accountability and ethical resilience.

4. Employee Training Programs

Training Architecture and Systems

There have been changes and updates regarding Modern Slavery and Child Labor training. AFCFC adopted a new Digital Learning Management system in October 2025, in which employee training is accessible by department or level of responsibility within the organization. We are currently creating “Ad Hoc” modules regarding Modern Slavery, child, and forced labor.

The training content is now specific to our industry, based on the current countries we import products from and represents a potential risk to improve understanding and awareness among support center employees. We are scheduled to launch this training at our support center by July 2026.

5. Assessing Effectiveness: Goals and Key Performance Indicators

To ensure consistent year-over-year progress, the Sustainability team collaborates with the Regulatory Compliance, FSQA, and Procurement teams to track implementation of metrics against concrete goals.

Goals for the Upcoming Year	Key Performance Indicators (KPIs)	Monitoring Governance
Expand Training Awareness	Number of employees and management personnel trained via the new Digital Learning Management platform.	Corporate Training
Map Supplier Compliance	Number of suppliers who successfully upload modern slavery policies and social audit documentation into Tracegains.	FSQA
Remediate Supply Chain Gaps	Number of high-risk or non-compliant suppliers directly engaged for further evaluation, policy development, or alternative sourcing solutions.	Sustainability, Procurement, & FSQA

Conclusion and Forward-Looking Commitment

As AFC navigates an evolving global regulatory landscape, we remain steadfast in our commitment to operating a transparent, ethical, and resilient supply chain. The advancements

made this year, including the rollout of our new Digital Learning Management System, the deployment of targeted supplier engagement strategies, and enhanced inter-departmental alignment, provide a strong foundation for our ongoing human rights due diligence efforts. Looking ahead, we will continue to refine our monitoring frameworks, leverage data-driven insights to address high-risk procurement areas, and deepen collaboration with our global suppliers, industry experts, and civil society partners. Through continuous improvement, proactive risk mitigation, and unwavering accountability, AFC is dedicated to ensuring that dignity, fairness, and respect for human rights remain firmly embedded across all facets of our business operations.

6. Board Approval, Attestation, and Sign-Off

This Annual Report prepared for Advanced Fresh Concepts Franchise Corp., has been reviewed and approved by AFCFC's body Board of Directors by the requirements of the Act, and in particular with 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 Act for the reporting year listed above.

The stakeholders are also aware of AFCFC's obligations under the Act to enact the Fighting Against Forced Labor and Child Labor in Supply Chains (Bill S-211).

I have the authority to bind Advanced Fresh Concepts Franchise Corp. By signing below, I certify that the information contained in this report is true, accurate, and complete in all material respects to the best of my knowledge and belief, for the financial year ending March 31, 2026.

Mr. Vincenzo Calcagni
President and CEO
May 31, 2026, at Torrance, California, USA

Signature: *Vincenzo A Calcagni*

Email: vincenzo.calcagni@afcsushi.com

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Final Audit Report 2026-05-29

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