

# Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

April 2024

Baby Gourmet Foods Inc.

## Introduction

This report constitutes the first report prepared by Baby Gourmet Foods Inc. ("**Baby Gourmet**", "**we**", or "**our**") pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the "**Act**") and covers the reporting period for Baby Gourmet's financial year ended December 31, 2023.

This report offers a summary of the measures Baby Gourmet Foods Inc. has implemented in the last year to manage the risks associated with forced labour and child labour, across Baby Gourmet's operations and supply chains.

## Steps to Prevent and Reduce the Risks of Forced Labour & Child Labour

Baby Gourmet is deeply committed to ethical practices, as we prioritize upholding human rights at every stage of our operations. Our commitment to human rights extends beyond mere compliance with regulations; it is a core value that informs decision-making. We strive to ensure that all workers involved in our supply chain are treated fairly and ethically, free from any form of exploitation or discrimination. By upholding human rights, we not only contribute to the well-being of our employees and communities but also set a standard of excellence for the industry.

During the mentioned reporting period, we undertook the following measures to mitigate the risk of forced labour and child labour within our business and supply chains:

- Continued to implement our Supplier Code of Conduct which mandates that suppliers establish policies and procedures aimed at detecting and eradicating forced labour and/or child labour within their operations and supply networks.
- Continued to implement our Supplier Screening Policy which reinforces our commitment to prohibiting the exploitation forced labour and child labour within our supplier network; and
- Upheld our Code of Business Conduct and Ethics to inform and hold employees accountable.



*Baby Gourmet*



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# Structure, Activities, & Supply Chain

Established in 2005, Baby Gourmet Foods, a corporation amalgamated under the *Alberta Business Corporations Act*, is headquartered in Calgary, Alberta, Canada, and boasts a dedicated team of 28 full-time individuals. Baby Gourmet has solidified its position as the leading brand of organic baby food in Canada, committed to providing wholesome nutrition for infants and toddlers.

Baby Gourmet was acquired by Hero AG (“Hero”) in 2021. Hero is a privately-owned family company headquartered in Switzerland with offices and production facilities in five continents. With a mission to “delight consumers by conserving the goodness of nature,” Hero produces baby and toddler foods, baby and toddler milk, healthy snacks and natural spreads under the brands Beech-Nut, Organix, Semper, Baby Gourmet, Schwartau and Queensberry, among others.

Certified



This company is committed to accountability, transparency, and continuous improvement.

Corporation

In 2022, Baby Gourmet became a B Corporation. As a B Corporation, we belong to a worldwide network of companies certified by the non-profit corporation B Lab that uphold a rigorous level of social and environmental influence, responsibility, and transparency. We are committed to meeting standards that ensure ethical practices throughout the supply chain and minimize the risk of exploitation and harm within operations.

Baby Gourmet's headquarters reside in Calgary, Alberta, serving as the hub for all of our administrative and executive operations. Our operational network extends across Canada, with strategic partnerships with esteemed third-party manufacturers such as government funded, Food Center Inc., in Saskatoon, Saskatchewan and Skjodt-Barrett Foods Inc. and Stephano Group Ltd. located in Ontario. Committed to upholding Canadian legislation and ethical business practices, all our Canadian third party manufactures are required to strictly adhere to Baby Gourmet's Supplier Code of Conduct. These facilities boast British Retail Consortium certification of food safety and quality management, ensuring the highest quality standards, overseen by our diligent quality auditor, who also manages the adherence to our Supplier Code of Conduct.

Additional third party manufacturers are in Illinois, such as Van Drunen Farms, Watershed Foods, and GreenSeed Contract Packaging, and in Oregon where our supplier Baxters North America is located. In New York State, we produce our jarred baby purees with our sister company, Beech-Nut Nutrition Company. Beech-Nut Nutrition Company is wholly owned by Hero, the parent company to Baby Gourmet. Outside of North America, our South American supplier Fruselva is in Chile. Baby Gourmet's products are manufactured in accordance with stringent food safety standards in plants certified to GFSI (Global Food Safety Initiative) standards.

## Policies & Due Diligence Processes

### Supplier Code of Conduct

Baby Gourmet's Supplier Code of Conduct exemplifies our social and environmental expectations for our suppliers, aligning closely with our company's values. Our Supplier Code of Conduct is based on standards that meet or exceed those of the Fair Labour Association (FLA), the International Labour Organization (ILO) standards, and the Agricultural Justice Project.



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## Supplier Code of Conduct (continued)

The Supplier Code of Conduct primarily screens for negative practices or regulatory non-compliance. Additionally, it highlights positive practices that benefit both communities and the environment. All suppliers, co-manufacturers, outsourced staff, and subcontracted service providers are required to commit to adhering to our Supplier Code of Conduct.

Our Supplier Code of Conduct emphasizes the importance of the responsible treatment of individuals such as respect and diversity, responsible employment practices, and responsible Labour Standards, and provides:

- a. *“Child labour is not used. Likewise, there are no instances of human trafficking.*
- b. *There is no use of forced labour, including prison, indentured, bonded, slave or other forms of forced or inappropriate labour.*
- c. *Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. All overtime work shall be consensual.”*

Suppliers are required to adhere to the stated standards and expectations. Should Baby Gourmet detect any non-compliance regarding forced labour or child labour, we will issue notice for the supplier to address or remove the practices. If the issues are not adequately addressed within the specified timeframe, we reserve the option to terminate our business relationship.

## Supplier Screening Policy & Supplier Audit

The Supplier Screening Policy is used internally to guide Baby Gourmet’s procurement team’s decisions when screening new suppliers, which includes packaging and ingredient suppliers as well as co-manufacturers. By adhering to this policy, we proactively mitigate the risks of forced labour and child labour by ensuring that our partners uphold ethical labour practices. We believe in forging partnerships with suppliers who align with our commitment to promoting positive social and environmental behaviors, thereby advancing our shared mission of responsible sourcing and production.

In addition, Baby Gourmet’s Supplier Audit is a questionnaire that suppliers must complete to demonstrate compliance with regulations and policies related to quality assurance and social processes which includes compliance with labour regulations such as child labour prohibitions. In addition, our suppliers are required to furnish supporting documentation to substantiate compliance with applicable laws, regulations and policies. A supplier audit is conducted annually, acknowledging the dynamic nature of policies and practices, which may evolve over the course of the year.

## Code of Business Conduct & Ethics

Baby Gourmet’s Code of Business Conduct and Ethics applies to all employees of the company and compliance with the Code of Business Conduct and Ethics is mandatory. Employees are expected to be familiar with and comply with the Code in the performance of their duties.



## Code of Business Conduct & Ethics (continued)

Employees are expected to be familiar with and comply with the Code of Business Conduct and Ethics in the performance of their duties. Employees are further expected to understand their obligations under all of Baby Gourmet's policies.

Located in our employee handbook is our Human Rights Policy that serves as a guiding framework to ensure we respect the dignity, equality, and freedom of all individuals, within our organization. Our Human Rights Policy aims to:

***"Prevent Modern Slavery:*** *We are dedicated to eradicating modern slavery and human trafficking in all its forms. We undertake rigorous due diligence measures to identify and address any risks of modern slavery within our operations. By promoting transparency, accountability, and ethical labour practices, we strive to ensure that no individual is subjected to forced labour or exploitation. This includes forced labour, child labour, and human trafficking. Baby Gourmet will never withhold personal identification or require an employee to relocate or work against their will.*

***Continuous Improvement:*** *We recognize that safeguarding human rights requires ongoing vigilance and effort. We are committed to continuously reviewing and enhancing our Human Rights Policy and related procedures to adapt to evolving legal requirements, emerging risks, and stakeholder expectations. Through regular monitoring, assessment, and engagement with relevant stakeholders, we seek to identify opportunities for improvement and drive positive change in our business practices.*

***Policy Violation:*** *Any employees found to have violated this policy may be subject to disciplinary action, which may include termination of employment. All reports of misconduct will be thoroughly investigated by Human Resources. "*

## Hero's 2023 Non-Financial Report - Child Labour Statement

Our parent company, Hero, annually publishes a non-financial report, detailing environmental, social, and governance practices that extend beyond mere financial performance. At Baby Gourmet, we remain determined in our commitment to aligning our values with those of Hero, diligently upholding ethical standards throughout our supply chain operations.

In Hero's 2023 Non-Financial Report, the following actions to manage the prevention of child labour are highlighted:

### ***"Child labour - procurement due diligence process***

*Hero has implemented a strict sourcing process to secure ethical behavior, to protect human right and secure environmental performance. This is done via a supplier selection and approval process, integrating mandatory ethical and human rights criteria.*

*Supplier performance management and monitoring includes external supplier ratings- including sustainability and human rights criteria. The supplier onboarding process foresees the signing of the Hero Code of Conduct covering child labour as a mandatory step. In addition, it includes SMETA-audits (Sedex Members Ethical Trade Audit) for specific cases in case of higher risk assessments. "*





## Hero's 2023 Non-Financial Report - Child Labour Statement (continued)

Guided by the United Nations Global Compact and International Labor Organization principles, Hero aims to provide good examples of human rights and labor practices across all operations. Recognizing the critical role of ethical supply chains, Hero prioritizes these standards to ensure profitability, mitigate reputational risks, and comply with regulatory mandates.

### Forced Labour & Child Labour Risks & Management

Within our supply chain, our operations based in Canada pose a low risk of child labour and forced labour as a result of the applicable federal and provincial legal regulations and high level of compliance within our company and our supply chain. As a Canadian business, Baby Gourmet strives to uphold corporate social responsibility, which includes diligence in vetting suppliers and ensuring adherence to ethical labour practices. However, we are aware risks may arise in all parts of our supply chain.

The countries where we operate present minimal risk, as evidenced by their ratings in the [UNICEF Children's Rights in the Workplace Index](#). Canada, the United States, and Chile all exhibit a basic rating in their due diligence response. All three countries boast low incidences of modern slavery, as indicated by the [Global Slavery Index 2023](#).

In North America, Baby Gourmet has multiple manufacturers and suppliers spanning the continent, all of which are obligated to comply with our Supplier Code of Conduct. However, despite the stringent requirements outlined in our Supplier Code of Conduct, it remains challenging to ensure full compliance across all locations. Unlike facilities directly managed by Baby Gourmet, these external manufacturers and suppliers are not subject to regular physical inspections or audits conducted by our employees. While we have established monitoring mechanisms to oversee compliance remotely, there remains a degree of inherent risk associated with this decentralized manufacturing and supply model.

While suppliers in North America follow similar strict regulations as in Canada and the United States, Chile differs in framework and compliance regulations. The combination of stringent regulations, transparency, accessibility, legal protections for workers, and government support makes monitoring suppliers in North America relatively easier compared with regions with less developed regulatory frameworks, such as Chile.

To mitigate these risks, Baby Gourmet employs a multifaceted approach. We conduct thorough vetting processes during the selection of new manufacturing and supply partners, prioritizing those with established track records of compliance and integrity. Additionally, we maintain an ongoing dialogue with our suppliers, fostering a culture of transparency and accountability. Through regular assessments and performance evaluations, we strive to promptly identify and address any instances of non-compliance.



## Forced Labour & Child Labour Risks & Management (continued)

To address the higher risk in Chile, our Chilean supplier has been provided with, and signed off on, a Code of Conduct created by our parent company, Hero. The signed Code of Conduct is based on local country and international laws that require compliance in various areas including Ethical, Working Standards, Anti-Corruption, and Operating with legal and responsible business practices.

Nevertheless, we recognize that continuous improvement is essential in safeguarding the integrity of our supply chain. As such, we are committed to exploring innovative solutions to further enhance our monitoring capabilities.

## Remediation Measures

Throughout the previous financial year, no instances of forced labour or child labour have been detected within our operations or supply chain. Consequently, no remedial actions were required in response to such incidents. However, should any instances of forced labour arise, we will evaluate and implement suitable remedial strategies

## Remediation Loss of Income

Currently, we have not identified any instance where our actions to prevent forced or child labour in operations or supply chains have caused financial harm to vulnerable families. Consequently, no remedial actions were required to address this issue.

## Training

At Baby Gourmet, we prioritize the well-being of our employees. To ensure clarity and compliance, we provide a comprehensive employee handbook that outlines our mandatory Code of Business Conduct and Ethics training, including our commitment to our Human Rights Policy. Compliance with this handbook, along with our company policies, is an integral part of every employment contract at Baby Gourmet. It serves as a valuable reference guide, fostering a supportive and ethical work environment for our team members throughout their tenure with us.

## Assessing Effectiveness

Baby Gourmet has continued to conduct certain measures over the last financial year to prevent and mitigate the risks of forced labour and child labour in our supply chain and operations. As of now, our annual Supplier Audit serves as a method to monitor whether our suppliers continue to comply with our Supplier Code of Conduct. Although we have not yet conducted evaluations to measure the efficacy of these measures, Baby Gourmet plans to assess their effectiveness in mitigating and preventing such risks in the future.



# Approval & Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Baby Gourmet.

I have the authority to bind Baby Gourmet Foods Inc.

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



Jennifer Carlson

Chief Executive Officer

May 13, 2024



**Baby Gourmet**



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